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NEWS SUMMARY

GENERAL

PM jeered over budget

Mrs. Thatcher was jeered by Labour MPs in the Commons yesterday when she confirmed that the Government was seeking "a genuine compromise" with other EEC members over Britain's budget contribution.

Questioned by Labour's foreign affairs spokesman Peter Shore, the Prime Minister denied she had abandoned her objective of a "broad balance" in Britain's EEC payments and receipts.

"If Britain's receipts are brought up to three-quarters of the European average we should be home and dry," she said. Back and Page 2

Rhodesia rebuttal

In a major effort to rebut criticism that the British Administration's implementation of the Rhodesian ceasefire was not impartial, Nicholas Fenn, spokesman for Governor Lord Soames, claimed that since the Lancaster House agreements "formidable progress" had been made and "giant strides" made in the successful enforcement of the ceasefire. He strongly criticised Zanla guerrillas for violating the agreement. Back and Page 3; Editorial comment Page 16

Talks on Tito

The state of Yugoslavian President Tito's health and contingency plans in case of his death or incapacity were discussed at a meeting of the central committee of the Yugoslav League of Communists as all leave for the 220,00-strong army was cancelled. Back Page

Ulster blast

Three policemen and a member of the public were injured in South Armagh when a landmine was detonated near a police Land-Rover. After the blast hidden gunmen opened fire.

Courts may go

Special courts set up last year in New Delhi to try Prime Minister Indira Gandhi for alleged offences when she was last in power are likely to be abolished and proceedings against her dropped. Page 3

Fans questioned

Police are holding three Crystal Palace fans for questioning following the death by stabbing of Swansea City supporter David Williams, 31, during Monday night's Cup game.

Florida flights

Laker Airways has applied to the Civil Aviation Authority for *rights to fly between London* Gatwick and Miami, Tampa and Orlando, Florida. Page 5

Honey's off

The Government has decided to abandon a £15,000 study into ways of finding out the origin of honey on sale in the UK, Agriculture Minister Peter Walker told the Commons.

Cash flow

Thousands of dollars were washed ashore on Queensland's *Gold Coast in Australia. Police*men were baffled at the unexpected windfall, soon picked up by treasure hunters.

Briefly . . .

Unarmed Tunisian gave himself up at Palermo, Sicily, 12 hours after hijacking an *Alitalia DC-9.*

Nottingham Forest FC chairman Stuart Dryden was jailed for six months at Nottingham Crown Court on four deception charges.

Alan Breeze, 71, the Billy Cotton Band Show singer, died in hospital in West Norwich.

BUSINESS

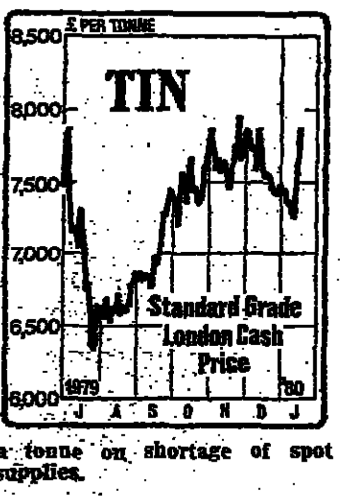
Equities easier; Golds up 16.4

● **EQUITIES** reacted to steel dispute and international concerns, and the FT 30-share index fell 4.1 to 441.7. But South African GOLDS followed bullion and the Gold Mines index rose 16.4 to 337.0.

● *GILTS* continued firm, but longs turned easier later. The Government Securities index closed 0.22 higher at 68.05.

● **GOLD** rose $31 in London to close at a record $687.50.

● **TIN**: standard grade London cash price rose *£425 to £7,935* a tonne on shortage of spot supplies.



● **DOLLAR** made sharp gains in late trading and its trade-weighted index was 84.9 (84.4). **STERLING** was firm but fell late on dollar strength to close *15 points up at $2.2775. Its* index rose to 72.0 (71.4).

● **WALL STREET** was 0.68 up at 864.25 near the close.

● **MAJOR** changes among Bank of England executive directors and senior officials are expected to be announced this week. Back Page

● **HILL SAMUEL**, the City merchant bank group, is selling to Credit Commercial de France its 80 per cent stake in a West German bank it set up 12 years ago. Back Page

● **PEMEX**, the Mexican State oil monopoly, announced the discovery of an oil field in the southern zone of Reforma-Cactus with estimated reserves of 1.5bn barrels. Page 4

● **COMPANIES** should concentrate on new product development rather than adding new plant to survive coming problems in the UK economy, Finance for Industry chairman Lord Caldecote said. Page 7

● **FORD MOTOR** is to build a DM 130m (£34m) factory in West Berlin to produce car interior components. Page 5

● **POST OFFICE** has offered to cut the working week for its postal service workforce by at least two hours next year. The move is linked to plans for a productivity package. Back Page

● **CIVIL** engineering union negotiators submitted a pay and *conditions* claim for the industry's manual workers which is thought to include a demand for a significant basic rate rise. Page 8

COMPANIES

● **AMCON**, the U.S. subsidiary of Consolidated Gold Fields, agreed in principle to buy four energy equipment companies from Texas International of Oklahoma for $54.3m (£23.84m) plus the assumption by Amcon of $8m (£3.51m) of debt. Lex, Back Page

● **SGB GROUP**, the construction plant and services concern, raised pre-tax profits for the year from £10.69m to £14.51m on turnover of £119.34m (£93.81m). Page 18 and Lex, Back Page

● **PREMIER** Consolidated *Oil*fields, the independent oil exploration group, announced a £4.2m rights issue. Page 18

UK current account shows £22m deficit for December

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK ended last year with a small deficit on the current account of its balance of payments in December following a *marked deterioration* in its external trading performance during the year.

There was a *deficit of £22m compared with a revised esti*mate of a £5m surplus in November. Not too much should be read into this, since trade in November had been influenced favourably by the recovery from the engineering dispute which had little impact last month. There may also have been seasonal distortions which could have made the figures look better than they would have been.

Exports rose above their high November level, while imports, particularly of fuels and machinery, also increased from an already high level.

The underlying position appears to be that the UK is still in deficit, though on a much smaller scale than in the first few months of 1979, when trade was disrupted by the road haulage dispute.

The overall trade position was, nevertheless, much worse than officially expected last June when the Treasury forecast a £750m deficit for the year. The outcome is estimated at a deficit of £2.42bn. There was a surplus of £714m in the previous year.

This deterioration occurred *in spite of a sharp build-up in* North Sea oil production which cut the deficit on trade in oil by £1.2bn to £804m.

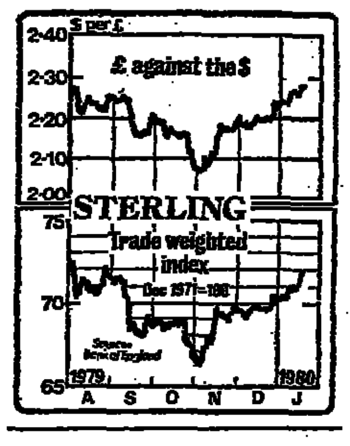
The deficit on non-oil trade rose by about £1.7bn to £3.23bn, resulting in particular from the contrast between a 16 per cent rise in the volume of manufactured imports and an increase of only 1½ per cent in manufactured exports.

The Department of Trade pointed out yesterday that exports were affected by problems in Iran and Nigeria where the value of deliveries was £1bn lower than in 1978. Industrial disputes are likely to have led to some loss of orders generally.

*The growth of imports re*flected in part strong consumer demand. In addition, the Department suggested, both exports and imports will have been influenced by a worsening in the competitive position of UK industry as a result of the rapid rise in UK costs and the appreciation of sterling.

The surplus on invisible trade narrowed by roughly £1.4bn last year to £815m, mainly because of increased earnings by

Continued on Back Page



BALANCE OF PAYMENTS
(£m, seasonally adjusted)

		Visible trade	Invisibles	Current account
1978		−1,493	+2,207	+714
1979		−3,233	+815	−2,418
	1st	−1,610	+372	−1,238
	2nd	−682	+107	−575
	3rd	−406	+186	−220
	4th	−535	+150	−385
	Oct.	−418	+ 50	−368
	Nov.	− 45	+ 50	+ 5
	Dec.	− 72	+ 50	− 22

Source: Department of Trade

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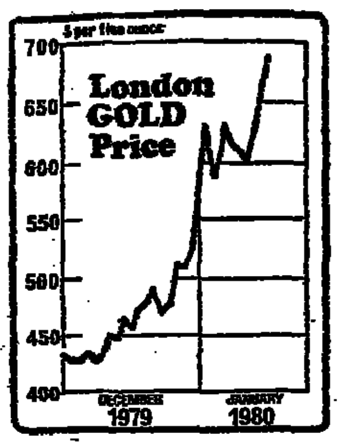

Gold and silver up again

By David Marsh and John Edwards

THE LONDON gold price closed at a record $687.50 an ounce yesterday, up $31. Demand effected silver, which reached a new peak in price.

*The London silver spot quota*tion was raised by 163.6p to 1,919.7p a troy ounce at the morning fixing. It continued to rise in later trading to close above 1,940p.

On the London Metal Exchange, signs appeared of increased speculative buying interest in base metals.

A substantial purchase, reported to be about 20,000 tonnes, boosted copper prices. The purchase helped to push copper cash wirebars up by £22 to £1,058 a tonne, inspite of heavy profit-taking sales in the afternoon.

On the tin market, the cash price was forced up by £425 to £7,935 a tonne after heavy purchases by one dealer.

In the commodity markets, sugar, the speculators' favourite in recent months, also recorded big gains yesterday.

Nevertheless, the foreign exchanges were again largely unaffected by the price surge in *gold and other commodities.* After a late-afternoon rally, the dollar closed higher against most leading currencies except sterling.

The pound had another good day, finishing at $2.2775, against $2.2760 overnight, after touching $2.2967. Its trade-weighted index rose to 72.0 from 71.4.

Only three weeks after breaching the $500 level for the first time, gold touched $700 at one point yesterday—in New York, for the January futures contract. Its highest price in London in a day of fairly heavy two-way trading was $692.50.

Money Markets, Page 26
Farming and Raw Materials, Page 29

£ in New York

—	Jan. 14	Previous
Spot	$2.2850-2865	$2.2630-2645
1 month	0.66-0.61 dis	0.43-0.38 dis
3 months	1.33-1.28 dis	1.30-1.25 dis
12 months	3.60-3.40 dis	4.15-3.95 dis

West fails to agree action on invasion

BY JOHN WYLES AND GILES MERRITT IN BRUSSELS

WESTERN NATIONS meeting in Brussels yesterday strongly condemned the Soviet Union's invasion of Afghanistan but were unable to agree on joint, specific countermeasures such as the U.S. had hoped to see adopted.

EEC Foreign Ministers condemned the invasion as a violation of the United Nations Charter, a serious threat to peace in the region and a "flagrant interference" in the internal affairs of a non-aligned country.

The declaration represented the EEC's first collective reaction to the invasion. However, its issue before Ministers embarked on a long discussion of possible measures to emphasise the Common Market's concern emphasised that the statement represented the easiest, if not *the lowest common denominator* of agreement.

At a separate meeting in Brussels last night, the NATO Council failed to adopt any programme of concerted sanctions against the Soviet Union. Although U.S. officials had hoped that a strong joint position would result from yesterday's meeting of NATO Ministers and ambassadors, member states have agreed only to take "appropriate individual measures."

Dr. Joseph Luns, NATO Secretary-General, said only that national measures by any one NATO government "will be taken into account" by others.

No definite decision was taken on suggestions by U.S. officials that the meeting should result in a common line on sanctions against the Soviet Union. Measures put forward included a ban on high-technology transfers to the Soviet Union as well as the controversial question of a boycott of the Moscow Olympic Games.

The meeting, attended by Mr. Warren Christopher, Deputy U.S. Secretary of State, and Mr. Douglas Hurd, Minister of State *at the Foreign and Common*wealth Office, also reviewed the question of aid to countries adjoining Afghanistan, notably Pakistan.

David Satter adds from Moscow: The Soviet news agency Tass said that the UN *General Assembly's resolution* calling for the withdrawal of Soviet troops was intended to "undermine the security of the *Afghan state" and constituted interference* in Afghanistan's internal affairs.

Charles Smith adds from Tokyo: Japan will co-operate with a U.S. request to impose sanctions on Iran but wishes to except the Bandar Khomeini petrochemical project, in which the Mitsui group is heavily involved, and which is 95 per cent complete.

It also wants assurances of U.S. assistance in case Iran retaliates against sanctions by cutting off oil shipments.

Iran supplied slightly more than 10 per cent of Japan's oil last year

Other developments, Page 3
Parliament, Page 8
Iran one year after the Shah, Page 16

Games switch call grows

BY ELINOR GOODMAN, LOBBY STAFF

PRESSURE ON the International Olympic Committee to switch the venue for the 1980 games away from Moscow in protest at the Soviet Union's invasion of Afghanistan mounted yesterday.

A "hands off Afghanistan" campaign, representing a wide spectrum of British political opinion both inside and outside Parliament, was launched. Over 100 MPs signed various motions circulating in the Commons calling for a transfer of the games, and condemning the Soviet Union's action.

Despite the pressure—and the Government's belief that the Olympics could represent a powerful propaganda weapon in the West's armoury—neither the International Olympic Committee nor the British Olympic Committee were publicly prepared to contemplate a switch in venue for the games at this stage.

Speaking on BBC Radio 4, Lord Killanin, president of the IOC, said it was "Moscow or nowhere."

The "hands off Afghanistan" committee formed yesterday under the chairmanship of backbenchers from the three main political parties recognised that it would be costly to move the games out of Moscow and urged Governments to agree to meet the bill.

The Government has no power to ban British athletes from going to Moscow, but the belief in Downing Street remains that if enough Western nations were prepared to take part in a boycott of Moscow to make the action effective, Britain would join it.

New toy industry blow as Lesney plans cuts

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE BRITISH toy industry received another blow yesterday with the decision by Lesney Products, manufacturers of Matchbox toys, to cut its labour force of 7,500 by about a sixth.

The move follows on a series of cuts in jobs and profits by most of Britain's big toy companies over the past year, including Dunbee - Combex-Marx, Tri-Ang and Berwick Timpo. The industry's problems culminated in the closure just before Christmas of Airfix *Industries' Meccano factory in* Liverpool with the loss of more than 900 jobs.

The Lesney redundancies also highlight the problems caused by the appreciation of sterling for Britain's toy manufacturers, who export a third of their *£305m output.*

Lesney said it was making about 1,275 full-time employees redundant plus a further number, so far unspecified, of part-time workers.

The company has already cut its staff levels in the U.S. and plans to close its Japanese sales subsidiary, which has proved unprofitable.

*The redundancies are under*stood to be spread throughout Lesney's UK manufacturing plants but with the brunt expected in the East End of London and Essex.

Lesney's employees and union representatives were told of the redundancies yesterday. A decision on whether to fight the planned cuts is expected to be taken over the next few days.

Lesney appears to have become a victim of two of the main pressures facing the toy industry—the rise in the value of sterling and high interest rates. It exports over three-quarters of its die-cast toy production and its toys have been priced out of the market, especially in the fiercely-competitive U.S.

The company is also having to *bear the higher interest charges* on the finance for two recent acquisitions, as well as on money borrowed to finance seasonally *high stock levels.*

In the first half of its current financial year pre-tax profits fell from £3.4m to £0.5m on turnover up from £30.5m to £41.2m. Lesney said yesterday that, although the full year turnover is likely to exceed £100m, pretax profits will be "substantially below" last year's profits of £5.1m.

Lesney has also suffered from other underlying pressures on the toy trade, which has retail sales of over £600m a year, including the increased buying power of supermarkets and chain stores and a decline in demand because of the falling birth rate.

More cuts in toytown, Page 21

Private steelmen may join strike

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MAIN steel union appears ready to call its members in the private sector out on strike.

Union representatives of 15,000 members of the Iron and Steel Trades Confederation employed in private steel companies told their national officials last night that they would obey any instruction to strike in sympathy with members in the State steel industry.

The assurance appears to have been given reluctantly. Although militant strikers in the British Steel Corporation and some members of the union's national executive have been anxious to involve the private sector, some workers—notably in South Yorkshire—have voted to resist any such move.

None of the private company steelmen are in dispute with their employers, and throughout the BSC strike the union leadership has said that the two groups are separate.

The 25 delegates who met last night will be present today when the ISTC national executive *decides whether it is time* to intensify pressure on the BSC and the Government by a decision that would inevitably be seen as overtly political.

A clue to the union's tactics came last night from Mr. Sandy Feather, ISTC staff officer and strike co-ordinator.

One question that would influence the executive, he said, was "the alleged non-involvement of the Government. If *this becomes a political strike,* another view will have to be taken."

Since Ministers have firmly *refused to get involved in the* dispute, it will be for the steel unions—possibly after consultation with the TUC—to decide *when and if the strike should* be extended to put political pressure on the Government.

Pressed to say whether yesterday's delegate meeting had shown a consensus for or against a widening of the strike, Mr. *Feather would only repeat that* no union member, whether in the private or public sector, wanted to be on strike. But the private sector men would follow their union executive's decision, he said.

Elaborating on the political dimension, he recalled the leaked report prepared for the Conservative Party in Opposition by Mr. Nicholas Ridley, which suggested that if the party in government needed to stage a showdown with the trade unions, the steelworkers would be a good subject for confron*tation.*

Private steel companies produce about 3½m tonnes of finished products, compared with BSC's 13m tonnes before the strike.

Strike effects, Page 6
BSC reshape plans, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:				
Exchqr. 3% '81	£88¼xd	+	1	
Exchqr. 11½% '84	£90xd	+	7/16	
Barlow Rand	363	+	21	
Brown & Jackson	215	+	13	
Burnett & Hall'shire	525	+	40	
Keyser Ullmann	71	+	4	
Ktchn. (Rb. Taylor)	148	+	20	
Mills & Allen	271	+	19	
More O'Ferrall	110	+	10	
Status Discount	57	+	6	
Supra	81	+	7	
Time Products	72	+	4	
Yarrow	330	+	10	
Castlefield	380	+	40	
Inch Knth. Kajang	190	+	23	
Cons. Gold Fields	458	+	15	
Coronation Syndcte.	340	+	40	
De Beers Dfd.	476	+	25	
Doornfontein	678	+	28	
Elsburg	262	+	51	
Free State Geduld	£24¼	+	1½	
Hartebeest	£27½	+	1½	
Jo'burg Cons.	£26	+	1½	
Kloof Gold	£13¾	+	1	
Middle Wits.	420	+	60	
N'gate Explrtn.	585	+	135	
Welkom	613	+	62	
W. Driefontein	£35¾	+	1½	
Western Areas	416	+	58	
Winklehaak	£13½	+	1½	
FALLS:				
Decca	335	−	15	
Eurotherm	290	−	12	
Glaxo	460	−	8	
Haslemere Ests.	282	−	8	
ICI	367	−	5	
Land Secs.	275	−	5	
Lynton	144	−	8	
Racal Elec.	195	−	13	
Ashton Mining	162	−	8	
Conzinc Riotinto	384	−	12	

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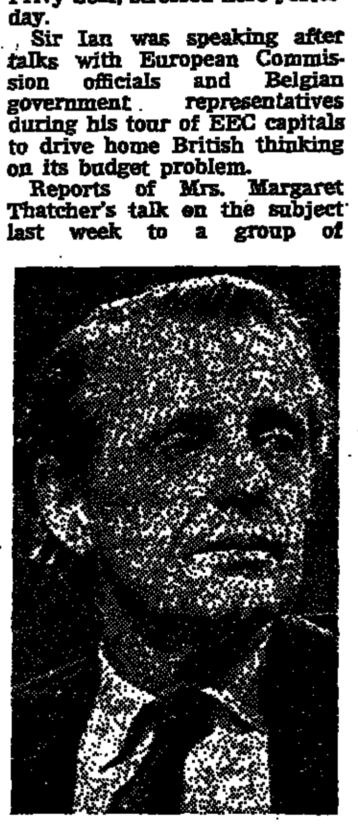
Gilmour refuses to be specific on EEC budget

BY JOHN WYLES IN BRUSSELS

THOUGH STRESSING a willingness to compromise, Britain is not yet spelling out the size of the cuts it wants in its expected £1.2bn net contribution to the EEC budget, Sir Ian Gilmour, the UK's Lord Privy Seal, stressed here yesterday.

Sir Ian was speaking after talks with European Commission officials and Belgian government representatives during his tour of EEC capitals to drive home British thinking on its budget problem.

Reports of Mrs. Margaret Thatcher's talk on the subject last week to a group of members of the European Parliament appear to have caused Sir Ian some embarrassment. He said that the British Prime Minister was not quantifying UK demands when she spoke of a settlement which would close three-quarters of the gap between Britain's receipts from the EEC per head of population and the Community average. She was illustrating, he said, what might be achieved through a "receipts mechanism."



Sir Ian Gilmour: willing to compromise

The UK expects to receive about 49 per cent of the Community average receipts per head this year, he said, and, if Mrs. Thatcher's "illustration" were achieved, then more than £500m would be wiped off Britain's anticipated deficit.

But British officials are more or less reconciled to the fact that the rest of the EEC will not accept a receipts mechanism. The main diplomatic emphasis is now being put on defining projects in the UK which could be financed out of the EEC budget and which might correspondingly reduce British public spending.

Sir Ian observed yesterday that increasing EEC spending in Britain would have to be done within the limits of the Community's budgetary ceiling.

This derives from the rule that the total EEC budget cannot exceed 1 per cent of member states' value added tax receipts. On present trends, Community spending may hit this ceiling some time next year without any special additions for the UK.

Call on Europe's jobless

STRASBOURG — The European Parliament urged EEC governments yesterday to co-operate in a fresh effort to tackle unemployment. Speakers on all sides urged action to cut unemployment from the present official figure of 6.1m, or 5.6 per cent of the working population.

Mr. Henk Vredeling, the Social Affairs Commissioner, told the assembly the actual number of people out of work in the EEC was probably nearer 10m. Women, the handicapped and socially deprived did not figure in official statistics, he said.

Unemployment was likely to rise by 700,000 this year. There would be between 500,000 and 800,000 new people on the labour market by 1985, he added.

Mr. Tom Spencer, Conservative *Euro-MP for* Derbyshire, condemned Socialist proposals for curing Europe's unemployment as "dated" and "archaic."

Speaking at the start of the debate, he said the European Democratic group, to which the British Conservatives belong, believed it would be folly of the worst kind to examine the fight against unemployment unrelated to the parallel struggle against inflation.

This compared with the archaic world conjured up by the Socialist proposals, in which multinational companies were being cast in the role of witches in a modern witch hunt and in which declining industries were to be preserved and the "dead hand" of the state would rest on all investment decisions.

Agencies

Norway reduced inflation rate to 4.8% last year

BY FAY GJESTER IN OSLO

NORWAY'S consumer price index rose by only 4.8 per cent last year, one of the lowest rates of inflation within the Organisation for Economic Co-operation and Development (OECD). The figure announced yesterday by the Central Bureau of Statistics was well below the previous year's 8.1 per cent increase.

Even so, it was slightly higher than the Labour Government had hoped. A declared aim of the 15-month price and incomes freeze, which ended on December 31, was to limit 1979 price increases to 4 per cent.

Mr. Per Brannsten, Deputy Minister for Consumer Affairs, blamed the over-run mainly on higher import prices, particularly for oil. He said the result was about what the Government had been expecting during the past few months.

The Government's economic plans for 1980, as outlined in the national budget, have set no specific target for this year's cost of living increase. The goal is, however, to keep price increases low, compared with other industrial countries so that Norway's competitive position will continue to improve.

The ground won during the 15-month freeze could rapidly be lost if the unions pitched their claims too high in the negotiations now getting under way. The leaders of the employers' and workers' organisations, the NAF and LO, have stressed the need for moderate settlements this year, in the national interest.

But at the local level, union officials have been putting forward some large claims, and in a few cases these have been accepted by companies able to pay.

Swedish fears about market in house finance notes

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S BANKING authorities have sounded the alarm about the recent uncontrolled growth of a "gray market" in promissory notes for house purchases. Mr. Sten Walberg, head of the Bank Inspectorate, yesterday called the estimated SKr 10bn (£1.06bn) market "a social evil which must be stopped before it goes too far."

There was a risk that promissory notes would end up in the hands of "usurers" who would drive people from their homes in order to obtain payment

Over the past five years house prices have soared at the same time as Sweden's economic difficulties have led to restrictions on bank credits to private borrowers. Building societies do not exist in Sweden and bank loans are the normal way of financing purchases of old houses.

Unable to obtain adequate bank finance, house buyers have increasingly resorted to issuing promissory notes to sellers. The notes are for terms of two to five years with no amortisaion during the period and carry interest rates averaging 15-16 per cent.

Owners selling their houses can sell the notes to newly formed finance companies at a discount. Such companies are outside current banking controls. In some cases they have acquired the notes for 60 per cent of their nominal value, according to Mr. Walberg.

Estate agents calculate that about 50,000 such promissory notes are being issued annually. With an average sum of around SKr 60,000 (£6,370) this adds up to an annual business of roughly SKr 3bn (£318m). Total bank lending to the housing sector, excluding construction credits, is SKr 10-12bn a year.

The authorities have encouraged the banks to move into the promissory note market and, in December, the Government approved the establishment of three finance companies by the savings banks, the co-operative banks and the state-owned Pkbanken which could provide the extra loans needed by buyers of old houses.

However, these companies would not be allowed to refinance with the state pension fund or with the insurance companies. This would limit the amounts they could make available. The savings banks, for instance, calculate that they could provide some SKr 400m this year.

Moreover, the banks are still negotiating with the Riksbank (central bank) about the volume of credit which can be made available for such lending. Mr. Walberg feared that the demand for loans would be much greater than the Riksbank could contemplate, given the heavy state budget deficit and the need for a strict credit policy.

Swedes see threat in wood fuel

By Our Stockholm Correspondent

THE UPSURGE in world oil prices has made wood more competitive as a source of fuel and threatens supplies of round wood to the pulp and paper industries, according to a report by the Swedish Forestry and the National Industrial Boards.

The report, commissioned by the Government, calculates that, in the short term, an increased demand for wood for burning will force up pulp wood prices, seriously affect profitability of the pulp industry and even lead to the closure of some mills.

To limit the conflict of interest, the two boards recommend that the Government should control the use of wood as fuel by establishing large central heating units.

In addition, it should ban the use for fuel of softwood trees with a diameter of more than 10 centimetres at breast height.

The report notes that the use of wood for heating purposes has already increased sharply among private households and on farms. This development could not be controlled.

Competition for wood would be particularly severe in northern Sweden, where prices for pulp wood are lower and oil prices are higher than the average for the country.

Wood could contribute some 7-8 per cent of Sweden's total energy output by 1990 and help to reduce oil imports by about 4m tonnes a year, the report says.

This would call for new forestry techniques. The forest owners would have to be induced to take more timber from their holdings. A more effective use of tree fellings and collection of the wood now left to waste would add to the costs of harvesting the timber.

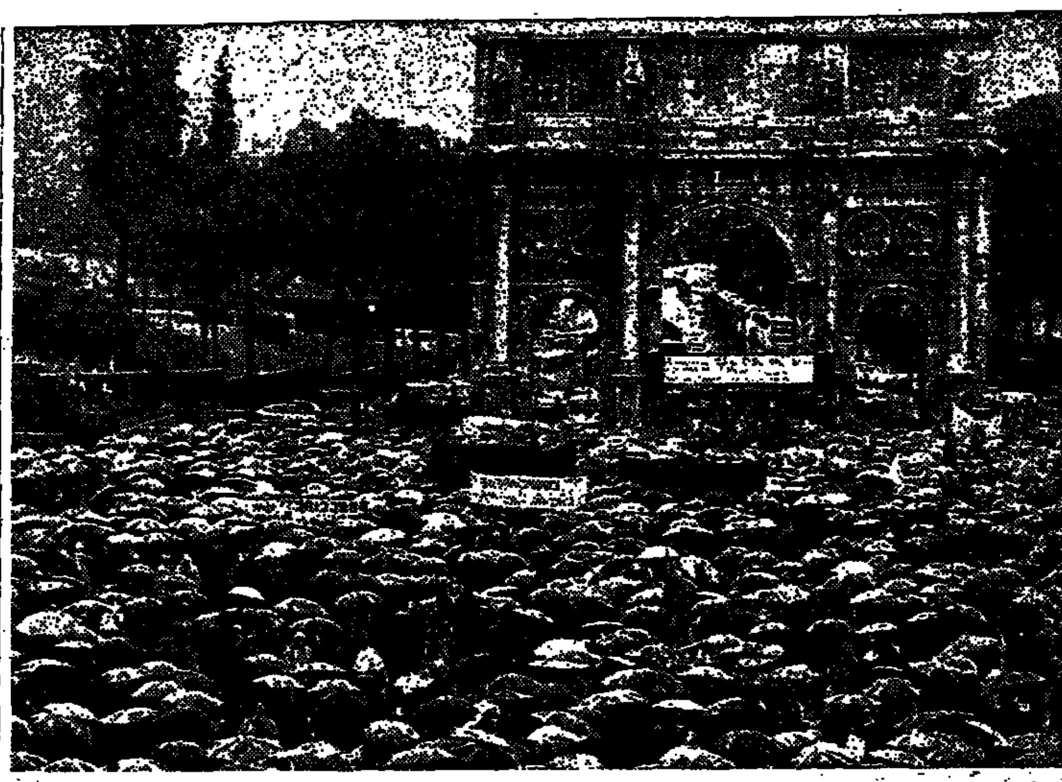
The report, therefore, suggests that state finance would be needed to improve forestry methods and develop techniques which would make it profitable for forest owners to harvest more wood.

In the longer run, a more effective organisation of forestry operations would give a better return on investment and benefit the saw mills and pulp mills.

The report proposes that regional companies, owned jointly by forest owners, pulp and paper companies and consumer organisations, be set up to produce wood chips for use as fuel.

Saudis may revise ENI oil deal ban

SAUDI ARABIA may reconsider oil sales to ENI, Italy's state oil concern which were suspended last Decmeber, when investigations into commission payments by ENI are concluded, Sig. Frencesco Cossiga, the Italian Prime Minister said yesterday, Reuter reports from Rome. He made the statement during a parliamentary commission hearing on the ENI commission



A sodden rally in front of Rome's Arch of Constantine. But rain and snow throughout Italy failed to deter strikers yesterday

General strike paralyses Italy

BY RUPERT CORNWELL IN ROME

ITALIAN INDUSTRY, agriculture and commerce were largely paralysed yesterday by a general strike called in protest at the Government's refusal to make the tax and economic policy concessions sought by the unions.

Despite heavy rain and snow throughout the country, thousands of workers attended rallies in the centres of major Italian cities, including Rome, Milan and Venice.

It was not immediately clear how fully the strike call had been followed. But industry leaders yesterday estimated that if participation had been complete, the total loss of output could prove to have reached almost L1,000bn (£550m).

The organisers claim their motives were purely economic. But the strike has been widely interpreted as implicit pressure for the early entry of the Communist Party into government here, as the only means of securing sufficient consensus on a programme to tackle the country's fundamental economic difficulties.

The Communist question is at the core of a string of important party gatherings over the next two weeks. But their cause appears to have been little advanced by the speech yesterday of Sig. Bettino Craxi, leader of the Socialist party, thanks to whose parliamentary abstention the minority Government survives.

Attempting to quell profound dissatisfaction with his leadership, especially on the Socialist left wing, Sig. Craxi formally called for a policy of national unity, embracing the Communists. But he opposed any precipitate action, warning that the absence of a pre-agreed solution could lead to a new general election, which would resolve nothing.

The Socialist left, however, wants an immediate move to bring down the government of Sig. Francesco Cossiga, and is unlikely to have been mollified by this cautious line.

Big deficit rise likely says Poehl

By Kevin Done in Frankfurt

WEST GERMANY'S balance of payments deficit could grow to as much as *DM 15bn-DM 18bn* (£3.85bn-£4.6bn) this year, according to Herr Karl Otto Poehl, the president of the Bundesbank.

In the first 11 months of 1979 the deficit reached DM 9bn, the first time the balance of payments has not been in surplus since 1965. The major reason for the dramatic turnaround in West Germany's foreign trade account is the rapid rise in oil prices, which has doubled the country's oil bill in the last two years.

West Germany's oil imports, which account for nearly 50 per cent of domestic energy needs, totalled just under DM 32bn in 1978, but this year the cost of oil imports is expected to exceed *DM* 60bn.

Herr Poehl warned that the fight that began in the 1970s over the distribution of the world's resources would be intensified during the 1980s. As a result that only very modest growth rates would be possible in the Western economies.

"A Deutsche Mark which is spent on oil cannot be spent again on higher wages, profits or increased public expenditure," he said.

● Herr Helmut Schmidt, the West German Chancellor, has been advised by doctors to avoid undue strain while trying to recover from an acute tonsilitis he picked up while on holiday in Spain, a government spokesman said yesterday, AP reports.

Union anger over Dutch pay freeze

By Charles Batchelor in Amsterdam

THE DUTCH Government's decision to freeze wages for two months has prompted strong protests from the unions and confusion about the precise nature of the controls. The freeze, described by one Minister as a "rough and ready" answer to the country's economic problems, could lead to a worsening of fragile labour relations.

The Netherlands' largest trade union federation, the 1.1m-members FNV, plans to take action aginst the freeze, which was imposed last week. It will organise protest meetings during working hours in February, Mr. Wim Kok, the federation chairman, says. The traditionally more moderate CNV, with 260,000 members, has no immediate plans.

The tough interpretation given to the controls, which Mr. Willem Albeda, the Social Affairs Minister, said would leave no room for "dodges," has thrown both sides of industry into confusion. Employers, unions and Government wage experts met yesterday to discuss the implications.

It has been established that increases which would have taken place under registered wage agreements, which are legally binding in the Netherlands, will be allowed. Further agreements, which may not have been registered, but under which payments have already been made, will also be permitted.

The position of two agreements reached in the dairy and meat processing industries just before the freeze was being discussed yesterday. Negotiators made great efforts in the final stages to reach agreement ahead of the threatened freeze.

Some employers are claiming that they have agreed to payments which have not yet been made but which have already been fed into their computers and will be difficult to halt. Others appear to be making holiday bonus payments in January although normally these payments are not made until April.

The Government was reluctant to step into the wage arena, but was forced to act because of gloomy economic forecasts reflecting the latest round of oil price rises. A programme of spending cuts and other measures is expected to be announced before the end of the month.

Curbing communist union clout in Spain

BY ROBERT GRAHAM IN MADRID

A REALIGNMENT of political forces is taking place in Spain which is liable to have a profound effect on the future relations of the three main parties —the ruling Union de Centro Democratico (UCD), the Socialists and the Communists. It involves a determined effort by those two parties, often acting in concert, to isolate the Communists. The battleground is the trades union movement which is dominated by the powerful communist controlled Confederation of Workers Commissions (CCOO).

Both the Government and the Socialists have based their strategy on the assumption that the essential strength of the Spanish Communist Party stems not from parliament where it has 21 deputies on only nine per cent of the popular vote but from its control of the confederation of Workers Commissions which is the best organised trades union and accounts for some 45 per cent of total union membership. Sr. Marcelino Camacho, the confederation leader, is a key central committee member.

If the strength of confederation can be challenged then the communist party loses its most important political bargaining card. This is precisely what the Government and Socialists have sought to achieve since the middle of last year.

The first step was a radical change of tack by the Socialist General Workers Union (UGT) which claims some 30 per cent of total union affiliation. The union ceased trying to be more radical than the rival Confederation which had proved a wholly ineffectual policy, frightening away members and alienating the sympathies of employers. The latter freely conceded that they preferred dealing with the more disciplined Confederation. Indeed it was largely because of this and rapidly declining membership that both the employers, Government and Socialists realised General Workers faced extinction as a valid negotiating partner. The seemingly disparate grouping of Government and Socialist Party, Employers and General Workers Union, found common cause to prevent Confederation dominating the labour movement. The result was the signature last July of an outline agreement on labour relations between the General Workers and the employers. The General Workers sought to establish itself as a moderate force out to capture the allegiance of uncommitted workers who comprise the bulk of Spain's labour.

The ensuing divisions caused within the trades union movement became evident in the autumn. Ford, long a testbench for industrial relations and considered something of a fief for the Communist Confederation, saw its workforce voting in favour of a General Workers-sponsored motion not to strike. Then efforts by the Confederation to promote a series of national railway strikes in favour of special wage increases to accommodate inflation collapsed.

The next source of conflict was the new labour law to replace the old Franquist legislation. Here the basic pact between the employers federation and the General Workers held up. As a result in parliament the Government and the Socialists were promoting a text against strong opposition from the Communists. The text was approved just before Christmas.

The debate in Parliament on the new labour law led to the bitterest exchanges ever between Sr. Felipe Gonzalez, the Socialist leader, and Sr. Santiago Carrillo, his Communist counterpart. It was almost inevitable than the the confederation would refuse to endorse the two-year wage and work conditions agreement signed at the weekend by the General Workers and the employers federation. This has left a clear split within the trades union movement and a sharp division between the two major parties of the left.

The calculation of the Government and the Socialists, general workers and the employers is that this pact on wages will prove the framework for individual company negotiations. It sets a wage band increase of between 13 and 16 per cent but has a number of provisos that exempt such increases, especially where companies are in financial difficulties. It has also introduced the notion of productivity agreements. The Confederation will be hard pressed to squeeze anything better in negotiating company pacts since.

The chief beneficiary of the split within labour is the Government. Premier Adolfo Suarez was obliged to resort to a pact with the main political parties to establish wage levels for 1978—the so-called Moncloa Pacts of October 1977. Last year he resorted to a decree to avoid bringing the opposition parties into another social contract in part because it smacked too much of the Communist concept of government through a broad coalition of political forces. Now the parties directly responsible for wages—management and labour—are being allowed for the first time to negotiate. With the trades unions so split the need for such political support from the Communists—damaging anyway to Sr. Suarez within his own party—has been removed.

Anxious West watches Turkey's problems grow

BY DAVID PALMER AND METIN MUNIR

"WE ARE careful not to create problems. I am trying to draw a line. It is a very delicate line. We don't want to create any problems that would irritate the Soviet Union." Thus has Mr. Suleyman Demirel, Turkey's right-of-centre Prime Minister, spoken of Turkey's cautious attitude towards the Soviet Union, its northern neighbour.

But there is a second strand to the Prime Minister's thinking. Turkey needs military security. "We should not hesitate to take the necessary defence measures, collectively and individually," he says.

In his first two months in office, Mr. Demirel's minority government has set Turkey out on a course that would place the country firmly in the NATO orbit of defence. While his predecessor, Mr. Bulent Ecevit, toyed with a vaguely defined "national defence concept," Mr. Demirel has sent his foreign minister to Brussels. There he invited the NATO Ministerial Council to Turkish soil for the first time in 20 years, and lifted the freeze imposed by Mr. Ecevit on Turkish obligations to the Common Market.

Throughout the past year there has been growing concern in NATO capitals at the rapid deterioration in Turkey's internal affairs. Lord Carrington's visit to Ankara on his five-nation tour re-emphasised that concern. The worry is whether Turkey could fall victim to an Iran-style disintegration, perhaps from within, and whether it might be the next victim in a near-eastern version of the old domino theory.

Fresh funds

At the Guadeloupe summit last January, the stability of Turkey found its way on to the Western leaders' agenda. This was later followed by a major debt rescheduling package in the middle of the summer, orchestrated by the West Germans, involving at various stages the IMF, the OECD and the West's commercial banking system.

But last year's activities are little more than a holding operation. In spite of the relief effort and the inflow of fresh funds, Turkey's internal economic and political problems have continued to deepen. In November the Ecevit Government fell. In January there were warnings from the military that the country required firm leadership. In the wake of Afghanistan, the vulnerability of Turkey has taken on new dimensions.

Some of the principal issues probably raised in the ministerial talks last week are:

● Turkey's dependence on the Soviet Union. Turkey shares a 300-mile border with the Soviet Union. In eastern Anatolia it relies on Russia for part of its electricity. On the Arpacay river it is building a dam jointly with the Russians to produce hydro-electric power. Last year 10 per cent of its oil imports came from the Soviet Union, partly paid in grain. (Mr. Demirel was notably unenthusiastic about any possible Turkish participation in a Soviet grain embargo.)

Over the past ten years the Soviets have supplied some $1bn in project credits to Turkey. Last June there was an agreement with the Russians to look into projects totalling some $4bn, including one of two nuclear power plants Turkey is planning to build.

Projects already running include an iron and steel plant, an aluminium smelter and an oil refinery. No comparable projects have been financed in recent years by the United States. The Soviet Union is, in fact, on the way to replacing the U.S. as Turkey's biggest supplier of project credits. This is widely seen in Ankara as being similar to the initial phases of Soviet-Afghan relations.

● The deteriorating economy. Outstanding debts stand at some $14bn and the position is deteriorating. This year 45 per cent of export earnings will go towards debt servicing. By 1982 the figure is expected to rise to 65 per cent. Estimated export earnings for 1980 are $3.5bn. The oil bill is estimated at $3.5-$4.5bn. Inflation stands at 70-80 per cent. Factories are running below capacity, five-hour power cuts are regular, and 2m people are unemployed.

Weak governments (Mr. Demirel heads a frail minority administration), political terrorism (about half of the population lives under martial law, yet the political death toll is between five and 10 a day) and problems near the Iranian border (the Kurds represent one-seventh of the population and want more autonomy) add up to a politically, strategically and economically vulnerable NATO ally face-to-face with a creeping civil war.

● The state of Turkey's armed forces. Apart from the air force, which has been strengthened by 80 Phantoms, the Turkish armoury is generally of post-Second World War vintage. In part this has been caused by NATO's problems with Turkey since the 1974 Turkish invasion of Cyprus. The new defence co-operation agreement signed with the U.S. appears to signal the start of a better period for relations between Turkey and its major allies.

Better period

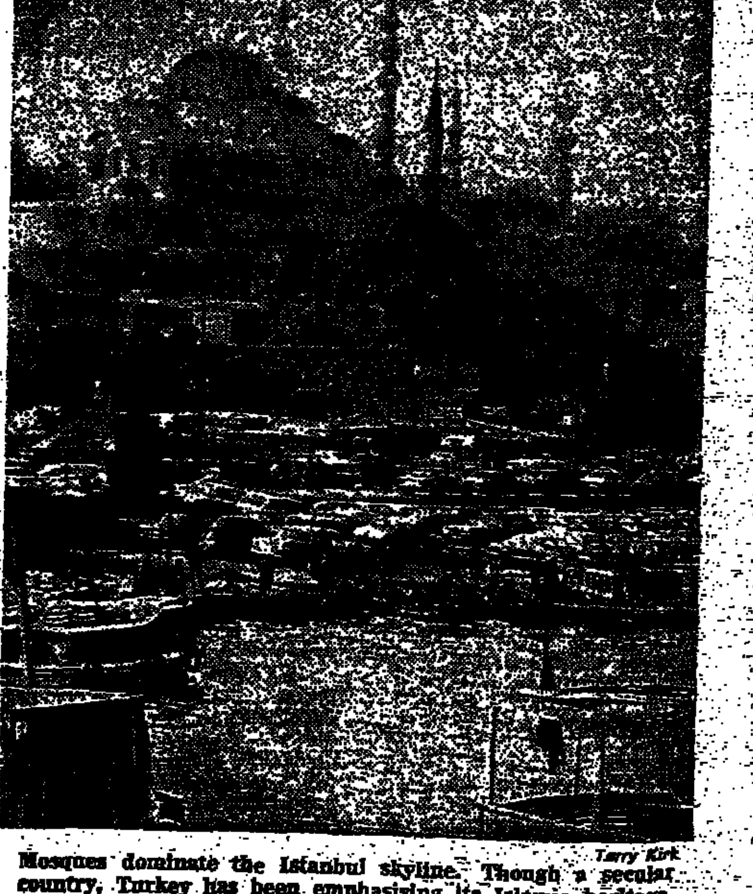
The Turkish armoury is not only the oldest in NATO, being a few generations behind those of the more prosperous allies. It is also far behind the weaponry of the countries surrounding it like the Soviet Union, Iran, Iraq, Syria, Greece and Bulgaria.

● Turkey's position in the Islamic world: Although Turkey is officially a secular state, 99 per cent of the population are practising Moslems. Turkey has a long historic relationship with Afghanistan, the first country to recognise the Turkish Republic in 1923. Many Afghani officers were trained in Turkish war academies. In more recent years Turkey has been stressing its Islamic heritage in a mounting diplomatic offensive within the Arab world, aimed in part at securing economic aid and oil on concessionary terms. It is currently importing oil on credit from Libya, Iraq and Saudi Arabia.

Since the Iranian Revolution Turkey has gone out of its way to keep its lines of communications open with both Tehran and Qom. But shortly before Christmas Ayatollah Khomeini denounced Turkey and the Turks have removed a number of their diplomats from Tehran. Iran's territorial integrity is crucial for Turkey. If the Azerbaijanis or the Kurds secede they could fall under Soviet influence. In particular, Kurdish secession could have ominous consequences for Turkey which has the world's biggest Kurdish community living in feudal conditions in the poor mountain regions bordering Iran and Iraq.

While adopting a more Islamic-slanted foreign policy Turkey has remained one of the two Islamic states in the world (the other is Egypt) to maintain diplomatic relations with Israel.

The Afghan invasion, the oil crisis, Turkey's creaking economy and its strategic position bordering Russia, straddling Europe and Asia and linking the Western world and the Islamic Middle East all make Turkey a key to the West's response to the Afghanistan invasion and to the Iranian crisis.



Terry Kirk

Mosques dominate the Istanbul skyline. Though a secular country, Turkey has been emphasising its Islamic heritage.

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Gandhi Cabinet moves to abolish special courts

BY K. K. SHARMA IN NEW DELHI

INDIAN Law Ministry officials are to re-examine charges of corruption and abuse of power lodged against Mrs. Indira Gandhi by the Janata Government. Special courts set up to try the Prime Minister are likely to be abolished, which means proceedings will be dropped in at least two of the three cases against her.

This became clear yesterday, a day after Mrs. Gandhi was sworn in as India's Prime Minister following her landslide election victory last week. Justice Mangi Lal Jain, ruling on a petition filed last year by Mrs. Gandhi, held that the Jananta Government had not acted constitutionally in setting up special courts to hear charges against her. The new Government has tried to give the impression that it will not interfere with the judicial process, but Mr. P. Shiv Shankar, the new Law Minister, said on Monday that he would scrap the special courts.

Mr. Shankar has said that he plans to repeal the Act under which special courts were set up. He called the legislation "obnoxious." The courts were set up to avoid long delays that are normal in the Indian judicial process.

There are three cases pending against Mrs. Gandhi. The first involves an acusation that she, with others, conspired to obtain 139 jeeps in the 1977 election. The second involves charges that she used her official position to assist her son Sanjay's car manufacturing project. The third involves charges that she illegally detained political opponents.

If the special courts are abolished, the cases will automatically be withdrawn and this appears to be the easiest way of dealing with them. One of the special courts yesterday declared itself incompetent to try the cases against Mrs. Gandhi on the ground that they were time barred.

There are indications that the Government is also considering withdrawing the theft and conspiracy case in which Mr. Sanjay Gandhi was convicted and sentenced to three years' imprisonment. He is now on bail pending appeal.

Mrs. Gandhi has promised not to be "vindictive" and so is unlikely to take reprisals against members of the two Governments that preceded her. She made her promise in a nationwide broadcast on Monday night.

The new Cabinet met yesterday to take stock of the political and economic situation but has yet to announce any remedial measures. These are likely to be worked out in the next few weeks and to be announced when the first budget of the new Government is presented to Parliament on February 29.

Thailand lifts 15% ceiling for interest rates

BY RICHARD NATIONS IN BANGKOK

THAILAND yesterday revised its Government-controlled interest rate structure, increasing the maximum commercial bank lending charge to 18 per cent from the long-standing ceiling of 15 per cent.

Interest rates were controlled by a 30-year-old usury law which set the 15 per cent ceiling.

The legislature agreed late last month to exempt all financial institutions, including commercial banks, from the usury law, which still nominally remains in force. The new arrangement is designed to condition the Thai economy to floating interest rates more in line with volatile world capital markets.

The new interest rate structure allows an increase of about 3 per cent on both banking deposit and loan interest rates.

The maximum commercial banks can charge for loans is 18 per cent, while finance companies can charge no more than 20 per cent. Bank of Thailand loans will still favour export and industrial sectors with subsidised loans at 7 per cent.

The Bank of Thailand hopes that reducing the gap between the rate of inflation, running close to 20 per cent, and the interest rate on deposits will help commercial banks to mobilise more domestic savings and reduce their dependency on expensive foreign borrowing.

Mark Webster reports from Bulawayo on the work of the Commonwealth monitoring force in Rhodesia

Ceasefire resting on fragile trust

FIRST THING every morning, Lieutenant-Colonel Peter Treneer Michell of the Commonwealth monitoring force based here in South-West Rhodesia is handed a location chart detailing the position of all Rhodesian security forces and police in his area, and their movements during the previous day.

Lieutenant-Colonel Treneer Michell is in charge of monitoring the Rhodesian security forces in the Tangent area, one of five operational areas into which the Rhodesian army divides the country.

Like his four fellow colonels in Rhodesia's five operational areas, he relies heavily on the location chart for knowledge of what the security forces are doing. The fact that the chart is compiled by the Rhodesian military themselves reflects the high degree of trust on which the entire monitoring operation depends.

The same trust is needed in monitoring the Patriotic Front bases. The Commonwealth monitors readily admit that they cannot hope to patrol the long, poorly-marked boundaries of the PF camps and must rely on the guerrilla commanders to keep them informed on their movements.

There are some 1,300 Commonwealth troops to keep track of about 21,000 guerrillas in assembly places and around 12,000 regular Rhodesian forces, together with an estimated 20,000 black auxiliary troops. As Maj. Gen. John Acland, commander of the force, has said continually, the ceasefire cannot work unless the former combatants have the will to make it work.

In the Tangent area, serious incidents have been rare. But in one incident near the town of Lupane last week, things went radically wrong. The Rhodesian police said after the incident that part of a band of armed guerrillas boarded a bus and were apparently heading towards an assembly place.

Under the terms of the amnesty in force in Rhodesia they are entitled to go to the assembly areas only if they first surrender their arms. They refused to do so, according to the Rhodesian authorities, and the Rhodesian security forces, who had been called in by the police, opened fire on the bus, killing seven of the guerrillas.

The police reported that they had been unable to contact the monitoring force or the PF liaison officer before the shooting began — something which both think unlikely as they have 24-hour communications. An inquiry is now taking place into the incident. But as the Patriotic Front ZIPRA liaison officer remarked: "The theoretical part of the monitoring is excellent. The practical part leaves a lot to be desired."

During a visit to the area known as Tangent last week to see how the monitoring force worked on the ground, Col. Treneer Michell said there were 202 men to keep an eye on Rhodesian troops and four Patriotic Front assembly bases.

The figure for the Rhodesians is a well-kept secret, as is the number of auxiliaries—the hastily-trained armed men loyal for the most part to the outgoing Prime Minister, Bishop Abel Muzorewa. They are now officially part of the Rhodesian army.

The men monitoring the Rhodesian security forces in Tangent are based, as they are in each of the other four operational areas, in the main Rhodesian barracks. Col. Treneer Michell, who comes from the second battalion, the Royal Green Jackets, has an office in the Rhodesian Joint Operations Centre (JOC) barracks, in Bulawayo.

There he has a staff of a Major and nine NCOs. At each of the three sub-Joint Operations Centres based in Tangent—in Bulawayo, Wankie and Gwana—he has one officer and two NCOs. These nine men are supposed to monitor not only the local Rhodesian troops but also the auxiliaries.

At the bottom of the monitoring ladder are eight teams of two men each—one officer and one NCO—to monitor an estimated 30 to 40 company bases to which all the Rhodesian forces not in the main barracks have withdrawn under the ceasefire terms.

Col. Treneer Michell moves the eight teams around to potential or actual trouble spots but they have, he says, no transport of their own and must rely on Rhodesian military transport to get around.

The four Patriotic Front assembly areas in Tangent are even more tenuously monitored. There are two separate command posts based in a hotel just out of Bulawayo—one for ZIPRA, on the ground floor, and one for ZANLA upstairs. Attached to each command post is a PF liaison officer who is in touch by radio with the men at the assembly places and his own military commanders in Salisbury.

The original group of 17 monitoring force personnel at each assembly place, has now been swelled with the arrival of ten more soldiers as well as engineers and medical personnel. The camp boundaries cannot be patrolled by so few men, but Lt.-Col. Peter Field, Col. Treneer Michell's counterpart who is responsible for monitoring ZIPRA and ZANLA mixed bases, says that the boundaries are being marked in some cases by freshly made bush paths.

Patriotic Front guerrillas acknowledge the cheers of well-wishers as they ride to an assembly point.

Afghan leader names hardline Deputy Premier

KABUL — The President of Afghanistan, Mr. Babrak Karmal, has announced that a hardline Marxist will be his deputy. Three military men will also be included in the seven-man ruling praesidium

Mr. Assadullah Sarwari was yesterday named Deputy Premier, Vice-President of the Revoluntioary Council and a member of the Politburo.

Also prominent in the new hierarchy are Afghanistan's former ambassador to Washington, Mr. Noor Ahmad Noor, and Colonel Mahammad Aslam Watanjar, said by diplomats to have helped Soviet troops in their attack on former President Amin's palace at the start of the coup.

The new Government has announced the disbanding of the secret police of President Amin, but said it would create a new security service modelled on the Soviet KGB.

The bitterest fighting in which Soviet troops are still involved is believed to be in the north-east of the country, which forms Afghanistan's northern frontier with the Soviet Union.

Reuter

Saudis ready to help Zia's arms purchases

BY DAVID HOUSEGO AND DAVID PALMER IN ISLAMABAD

SAUDI ARABIA is understood to have told Lord Carrington, the British Foreign Secretary, that it would be prepared to help finance the purchase of arms by Pakistan.

The assurance came during Lord Carrington's two-day visit to the kingdom and he conveyed it to President Zia-ul Haq, the Pakistani Head of State during talks in Islamabad yesterday.

Additional finance is being sought by Pakistan to pay for the re-equipment of its armed forces beyond what it might receive from the U.S. Pakistan's Foreign Minister has just returned from a visit to Saudi Arabia as part of Pakistan's wide-ranging attempts to enlist Moslem, Chinese and western support for the strengthening of the country in the wake of the Russian invasion of Afghanistan.

President Zia said yesterday that as a result of preliminary talks with the U.S., it was his impression that there would be no attempt to attach conditions to renewed military aid.

The British delegation was surprised to hear from the Pakistanis an allegation that there had been 20 Afghan or Soviet air strikes against refugee camps near Pakistan's northern border with Afghanistan since April 1978.

This so far unpublicised information is at odds with remarks made by Gen. Zia last night which seemed to imply that Pakistan would respond to cross-border raids. "When a foreigner enters your territory with aggressive intentions you do not go and kiss him on the cheek," he declared in response to a question about Pakistani reaction to any hot pursuit from across the Afghan border.

The President added that he would not allow Pakistan to be used as a sanctuary or base for carrying out subversive actions

The Pakistani Government has been making clear to both the U.S. and Britain that it wants to establish domestic manufacturing facilities for heavy armour over the medium term

Tony Walker reports from Peking: Mr. Huang Hua, China's Foreign Minister, is to visit Pakistan later this week for discussions on developments in Afghanistan.

Sadat under fire over U.S. facilities

By Roger Matthews in Cairo

PRESIDENT ANWAR SADAT has come under sharp attack inside Egypt for his decision to grant military facilities to the United States.

Mr. Ibrahim Shukri, leader of the opposition Socialist Labour Party, said yesterday that the decision was undemocratic and harked back to the days of one-man, one-party rule "from which we suffered so badly."

Writing in the party newspaper, Al-Shaab, Mr. Shukri demanded that matters vital to the country's national interest should be brought to Parliament before any final decision

President Sadat repeated last week that Egypt would provide facilities for the U S. should it wish to come to the aid of Arab countries in the Gulf, but stressed that the Americans would not be provided with bases.

General Kamal Hassan Ali, Minister of Defence, later disclosed that U.S. and Egyptian military aircraft had recently carried out training exercises together.

Iran presidential nominee prepares to step down

BY SIMON HENDERSON IN TEHRAN

IRAN'S presidential elections planned for January 25 have been thrown into doubt by confusion surrounding the candidate of the Islamic Republican Party, the main political organisation supporting Ayatollah Khomeini.

The candidate, Mr. Jalaloddin Farsi, was yesterday reported to be on the point of stepping down. The report followed a two-hour meeting with Ayotalah Khomeini at the weekend, and a meeting of the Central Council of the Islamic Republican Party on Monday.

Mr. Farsi, a comparatively unknown figure until he was adopted by the Islamic Republican Party, is now reported to be a doubtful candidate because one of his parents was from Afghanistan, and therefore he is not completely of "Iranian origin."

Such a simple reason, hardly seeming credible after several weeks of exposure as the candidate in the Press, radio and television, has led to considerable speculation of darker causes. One is that the party is divided and that internal battles are now surfacing in the form of disagreement over Mr. Farsi's candidature.

Whatever the reason, the controversy is likely to be a severe blow to the party, damaging its credibility as the foremost political organisation in revolutionary Iran.

So far it is not clear whether any other personality is being considered for the party ticket in Mr. Farsi's place. Other mainstream revolutionary candidates running are Mr. Abolhassan Bani-Sadr, the Finance Minister, and Admiral Ahmad Madani, head of the navy and Governor-General of Khuzestan province, who has resigned both jobs to run. Mr. Sadegh Qotbzadeh, the Foreign Minister is considered an outsider.

The elections are an important part of the establishment of a permanent government in Iran. However, after the disqualification of nearly 100 candidates as unsuitable, only about 10 established revolutionary personalities remain.

AMERICAN NEWS

Union leader backs Kennedy

BY DAVID BUCHAN IN WASHINGTON

SENATOR Edward Kennedy yesterday received the personal endorsement of Mr. Douglas Fraser, president of the United Auto Workers' union, giving his presidential candidacy a small but badly needed boost in the final week before the Iowa delegate caucuses of January 21.

Union support is not, generally, the electoral advantage it was before the percentage of U.S. workers who belonged to unions began to slip in the last decade. But the UAW is an unusually politically active and cohesive union, and its 1.4m members are likely to follow their president's lead.

UAW branches, now working on Senator Kennedy's behalf in the farm state of Iowa, will have more impact later when the campaign switches to the traditionally Democratic industrial states.

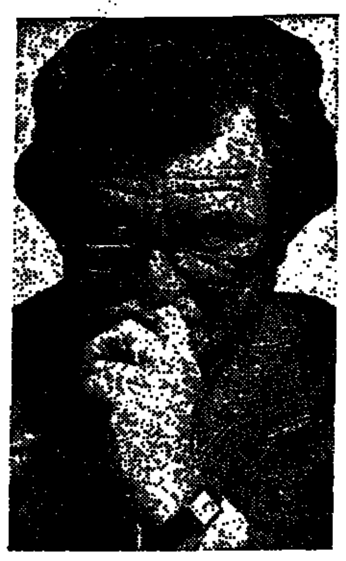
The union's support proved vital for Mr. Carter in 1976, and he has vainly tried to retain it, appointing Mr. Leonard Woodcock, its previous president, as ambassador to China, bailing out the Chrysler car company, and most recently sending Mr. Walter Mondale, the Vice-President, to plead with union members. On Sunday, Mr. Mondale told a UAW meeting: "I come before you as a person who has never run for office without your support."

Mr. Fraser's quarrel has been not with the Vice-President, but with Mr. Carter, whom he and the traditionally liberal UAW regard as unresponsive to union concerns. The UAW is also attracted by Senator Kennedy's opposition to Mr. Carter's decision to de-control domestic oil prices. In so far as this has helped to raise petrol prices, they feel, it has hit car sales and created lay-offs in Detroit.

The UAW is likely to move closer to the AFL-CIO union federation, under the leadership of Mr. Lane Kirkland, than when the federation was run by Mr. George Meany, whose funeral in Washington was attended yesterday by President Carter.

Indeed, there is a possibility that the UAW, for two decades outside the AFL-CIO fold, may join it again. But, officially, the AFL-CIO will stay uncommitted about which Democratic candidate to support until the party makes its choice this summer.

Local Iowa polls have now given President Carter a lead which even his grain embargo on the Soviet Union, unpopular among many farmers because it is depressing grain prices, may not dent. Senator Kennedy's campaign officials, although stressing the breadth of their organisation throughout the state, have not disputed the recent gains by Mr. Carter—for the sound tactical reason that the onus is always on a front runner to perform well, and that any gains by other candidates look the more dramatic.



Senator Edward Kennedy ... a welcome boost

Mr. Ronald Reagan, the Republican front runner, is feeling exactly this pinch, compounded by the fact that he pointedly did not appear with his rivals in a televised debate in Iowa a week ago. This was taken amiss by many Iowans, whose Republican preferences seem to be split, with Mr. George Bush expected to do well, and the state's popular governor, Mr. Robert Ray, taking exception to television advertisements which implied a gubernatorial endorsement of Mr. John Connally, and leaning towards the candidacy of Senator Howard Baker.

All candidates, on both sides of the political aisle, have been smarting at the restraints placed on their foreign policy discussions by the Afghanistan and Iran crises, and the feeling by many voters that President Carter should be given unanimous support in a trying time. These restraints may soon, however, be partially lifted by Mr. Carter himself, who is planning to address the nation on his new doctrine aimed at containing the aggressive influence of the Soviet Union.

White House officials say the forum may be the President's January 23 State of the Union speech, which has already gone through two drafts to take account of foreign developments. In any case, the President is scheduled to be interviewed on television

Reuter adds from New York: Senator Kennedy's account of the 1969 car accident at Chappaquiddick, in which a young woman died, is false in several respects, according to studies published by the Readers' Digest magazine.

A spokesman for Senator Kennedy on Monday night described the magazine's claims, based partly on the first-ever computer reconstruction of the accident in which Mary Jo Kopechne died, as "a very serious misrepresentation."

Suarez visit takes Spain closer to NATO

By Robert Graham in Madrid

THE hastily-arranged six-hour meeting in Washington on Monday between Sr. Adolfo Suarez, Spain's Prime Minister, and President Jimmy Carter produced a communique which, despite its vagueness, is being interpreted as a further step by Spain towards acceptance of the idea of NATO membership.

Sr. Suarez declined to give details of his talks when he returned here yesterday. But the communique stressed the two leaders' belief in the need to "reinforce Western security and express this in concrete measures" in the light of the Soviet invasion of Afghanistan.

Spain is under some pressure to make an early commitment to NATO. But Sr. Suarez is understood to have said that any decision should be withheld until after the European Security Conference follow-up meeting, due to be held in Madrid in November. A decision before that, Spain feels might give the Soviet Union an excuse not to attend.

Although Sr. Suarez said U.S. military use of bases in Spain for Middle East flights was not discussed, President Carter is understood to have been anxious to know precisely where Spain stood on the issue.

Brazilian foreign debt tops $49bn

SAO PAULO — Brazil's foreign debt, including public and private sectors, grew by 13.65 per cent to $49.45bn in 1979, according to preliminary central bank figures published yesterday.

Reserves fell from $11.89bn at the beginning of 1979 to about $10bn at the end of the year, according to Sr. France Galveas, the governor of the central bank.

The net debt—total debt less reserves—was $39.5bn at the end of the year, up 25 per cent from the previous year.

Exports, according to the preliminary figures, were $15.1bn, compared with $12.7bn in 1978.
AP-DJ

Diana Smith adds from Brasilia: Brazil's urgent drive to reduce oil consumption and introduce alternative fuels has begun to pay off, according to 1979 figures now released by the national oil monopoly, Petrobras.

While consumption of all oil derivatives grew by 7.12 per cent in 1978, growth slowed to 5.53 per cent in 1979. Compared with 1978, consumption of fuel oil dropped by 18 per cent and of petrol by 1.1 per cent. Between them, these items account for 51 per cent of all derivatives.

Mexico unveils another large oil discovery

BY WILLIAM CHISLETT IN MEXICO CITY

PEMEX the Mexican State oil monopoly, has announced the discovery of a new "giant" oil field in the southern oil zone of Reforma-Cactus with reserves calculated at 1.5bn barrels. In a separate development yesterday Mexico began selling natural gas to the U.S.

The announcement of the new field was made by Sr. Jorge Diaz Serano, Pemex's director, at the opening of a meeting of Latin American state oil company experts. The discovery strengthens Mexico's credentials as an emerging world oil power.

However, Sr. Jorge Diaz Serano did not upgrade Mexico's current proven reserves of 45.8bn barrels, the sixth largest in the world. A spokesman for Pemex said the discovery of the new field, known as Iris-Giraldas, was made only recently and it was too early to say specifically how much of the estimated 1.5bn barrels could be recovered.

The natural gas sale was first agreed last September, after almost two years of bitter recriminations between U.S. and Mexican officials over the "right price." It began yesterday at a level of between 50m and 100m cubic feet.

The contract is initially for 300m cubic feet a day at $3.625 per 1,000 cubic feet. It will be revised quarterly according to an OPEC-related formula. At current prices the sale is worth $1m a day.

Sales will build to 300m cubic feet once the technicalities of using the 774-mile 48-inch diameter pipeline. The line was specially built from Cactus in the southern oil fields to San Fernando near Monterrey in the north, are mastered.

For the past two years Mexico has been flaring natural gas while it held out, as a point of national pride, for the right price. Pemex contends that it is now only flaring 120m cubic feet a day, a figure regarded with scepticism since it is known that offshore 100m cubic feet alone a day is being flared.

Oil imports to be cut by 9m barrels a day

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT JIMMY CARTER'S energy initiatives, both those already in effect and those still on the drawing board, will reduce future U.S. oil imports by close to 9m barrels a day (b/d) by 1990, Mr. William Miller, the Treasury Secretary, said yesterday.

Addressing a White House conference on small business, the Treasury chief commented that without federal government action, U.S. oil imports could have risen to 13m to 15m b/d by the end of this decade. He used the speech to give an 11th-hour plug for a windfall oil profits tax, on which both houses of Congress are slated to reach a final compromise at the end of the month.

The tax, Mr. Miller said, would provide money for developing new energy sources, while leaving the oil companies ample profit—from decontroled and higher domestic oil prices—to explore new oil and gas reserves.

Of prime concern to managers of small companies is an easing and simplification of government regulation and taxation. Mr. Miller stressed the Administration was trying to reduce over the long term the demands of the federal government on the economy. Advance reports of the new budget, to be unveiled on January 28, indicate a planned $15bn budget deficit, half this year's, but still short of the President's promise to put the budget into balance by 1981.

"In the first two years of this Administration, government-created paperwork was cut by about 15 per cent overall," Mr. Miller claimed. The effort to reduce it further was continuing, he said, with the major benefit accruing to small businesses which did not have arrays of accountants and lawyers.

Gunmen free envoys in El Salvador exchange

SAN SALVADOR — Leftist gunmen have released two ambassadors and four other hostages held at the occupied Panamanian embassy after Salvadorean authorities freed seven prisoners from jail.

Ambassadors David Pere of Panama and Alejandro Alvarado Piza of Panama were set free unharmed by the Popular League of February 28, a Leftist anti-Government protest group.

About 50 armed members of the group stormed the embassy last Friday and took the hostages to demand the release of seven comrades arrested by security forces nearly a month ago. The El Salvadorean Government released the seven after an appeal from Panama and Costa Rica.

Meanwhile Mr. Gardner Dunn, the South African ambassador, was still being held hostage by a Marxist guerrilla group and facing possible execution unless the Government met his kidnappers' demands.

The El Salvador Government has refused to meet these demands, which include recognition of the Palestine Liberation Organisation. The group said in December that Mr. Dunn would die on January 15 if the demands were not met.

Mr. Dunn was taken hostage by the Popular Liberation Forces. The group is one of three guerrilla groups active in El Salvador, central American nation, and set the deadline after postponing Mr. Dunn's original execution date of December 28.
Agencies

Panama Opposition to boycott election

PANAMA CITY—Most Opposition parties plan to boycott next summer's elections for an expanded National Legislative Council (parliament).

Their move comes as Panama is facing economic problems, as well as continuing difficulties with students opposing the presence in Panama of the deposed Shah.

The Opposition parties say they plan to boycott the August election to deny the Government the trappings of democratic legitimacy.

"We will not take part in the elections unless legislative and other institutions are given more powers and independence, because to do so would only give legitimacy to these puppet institutions," said Dr. Ricardo Arias Calderon, of the National Opposition Front.

The front groups 10 political parties, many of which cannot yet meet the electoral registration requirements, and none of which have contested an election since 1968. Still, most diplomatic observers agree that the front has the potential to challenge the ruling government political body, the Revolutionary Democratic Party.

Dr. Arias Calderon said the Opposition could bide its time because the problems facing the Government made its continued hold on power impossible except through electoral fraud or with military help.

Senior officials of President Aristides Royo's administration agree they face many problems. But they dismiss allegations of electoral fraud.

Gen. Omar Torrijos ... still in control

"The real reason Opposition parties are hesitant to take part in the elections is because they're a spent force," a Government official said.

In recent years there has been no way to judge the popularity of the Opposition parties. In 1978, elections were held for the first time since Brig.-Gen. Omar Torrijos and the National Guard took power a decade ago. But only the traditional Opposition Liberal Party took part.

Although Gen. Torrijos prefers to remain in the background now, he is still the real power in Panama.
Reuter

WORLD TRADE NEWS

Ford to build Berlin parts plant

BY LESLIE COLITT IN BERLIN

THE FORD Motor Company is to build a DM 130m (£34m) factory in West Berlin to produce lightweight components for car interiors that will be transported across the East German Autobahn to Ford's factories in West Germany.

The investment will be the largest single one in Berlin since BMW completed a DM 210m motor-cycle plant in the city last year.

Mr. Robert Lutz, chairman of Ford of Europe, is to be present in Berlin at today's formal anouncement of the factory, together with Mayor Dietrich Stobbe, and Mr. Robert Layton, director of the Berlin Economic Development Corporation. Mr. Layton was a former chairman of Ford in Cologne.

The Ford factory is to be built on a site of just over 100,000 square metres south of West Berlin just opposite the East German town of Teltow across the Teltow canal.

The canal is to be reopened by East Germany for barge traffic from West Germany in a few years, but it will mainly be used for barges carrying oil and construction materials.

The city of Berlin is purchasing the site and will erect the plant, which will then be leased to Ford on a long-term basis.

City economics officials note, however, that the main advantages for Ford will be a reduction of its turnover tax by between 4.5 per cent and 6 per cent, depending on the value added to the product in Berlin.

Ford, as the buyer in West Germany, will receive another 4.2 per cent reduction in its turnover tax. Corporate income taxes in West Berlin are 22.5 per cent lower than in West Germany, while individual income-taxes are 30 per cent lower.

The Ford plant is expected to employ 700 West Berliners when it is completed next year and more after an expected expansion. Among the products to be manufactured will be dashboards, door panels and other lightweight plastic mouldings.

Ford had shown interest in a Berlin investment three years ago when it was preparing to build a new engine plant. Wales, however, was ultimately chosen for the plant, but talks between Ford and the city continued since on a suitable project.

Talbot cuts herald drop in car sales

BY TERRY DODSWORTH IN PARIS

A SHARP reduction in working hours at Automobiles Talbot, the former Chrysler-Simca subsidiary of the French PSA Peugeot-Citroen group, underlines the increasing problems of the company in the face of an expected decline in the French market.

Between now and the end of April, Talbot is planning to cut the working day in all of its French factories except the foundries by 1½ hours from Monday to Thursday each week. In addition, the plants will close completely for six full days spread over this period, with the 22,000 workers involved receiving 50 per cent of their normal salaries.

Talbot's decision follows the closure of its plants between December 20 and January 2 in the wake of a disappointing year's sales. Its registrations dropped in France by 7.5 per cent to about 560,000 units in 1979, while its market share slipped to a little under 9 per cent from 10.7 per cent in 1978.

Despite the buoyancy of the rest of the French industry last year, production was also reduced by 15.5 per cent to 587,000 cars as the new Talbot management tried to reduce the high cost of stocks in the company.

In the next four months, the group is aiming to reduce its output, currently running at about 1,300 units a day by some 15,000 cars. But despite these measures, designed to reduce its stocks closer to the level of demand, it is still expected to make a heavy loss in 1980.

Talbot's action gives greater weight to the gathering evidence that the French car market is at last running out of steam after breaking all records in 1979. Although monthly sales were up consistently on the previous 12 months right until the end of 1979, the margin of improvement has been steadily declining. A number of companies have now openly stated that they expect sales to drop this year.

But there is still no unanimity on how serious this fall will be. Ford, which has a good record in its forecasting, calculates that registrations could go down by 6 per cent in France in the first half of this year while Renault is still only talking about a "moderate" fall.

Talbot is calculating on an overall decline of between 3 and 4 per cent in French car sales this year against total registrations of 1,988,000 in 1979. But its problems appear to go further than simply dealing with this fall. So far, there is little evidence that its new management has been able to convince the public that a radical change has taken place in the company since the takeover by PSA.

Laker bids for Miami route

By Michael Donne, Aerospace Correspondent

LAKER AIRWAYS has applied to the Civil Aviation Authority for rights to fly between London (Gatwick) and Miami and other destinations in Florida such as Tampa and Orlando.

Laker's application for the route can be interpreted as a bid to have the Miami route upgraded from the present "single designation" status (served by one airline from each country) to "dual designation" status (served by two airlines from each country).

This topic is likely to be on the agenda for the forthcoming Anglo-U.S. air services talks which open in London on January 29, when the U.S. team is expected to press in turn for more U.S. routes to Britain.

Dutch negotiate China credits

BY CHARLES BATCHELOR IN AMSTERDAM

A GROUP of Dutch banks hopes to reach agreement with the Bank of China to provide Fl 500m (£115.7m) worth of credits to finance the export of Dutch capital goods.

The consortium will be led by Algemeine Bank Nederland (ABN) and Amsterdam-Rotterdam Bank (AMRO).

A framework agreement is expected to be reached some time this year, said Mr. Andre Batenburg, president of ABN, who made a three-day visit to Peking to discuss the plan last November. The banks will call on the assistance of the Dutch Credit Insurance Company and of the Ministries of Economics and Finance, ABN said.

The agreement now being discussed is a more modest version of an ambitious financing project which was first considered when Dutch construction and dredging companies announced in 1978 that they hoped to sign a contract to carry out harbour works in China.

In October, 1978, AMRO said it had been asked to form a consortium to finance the project, which was then expected to be worth Fl 2bn.

On a recent visit to the Netherlands Mr. Li Qiang, the Chinese Minister of Foreign Trade, said China had now set different priorities for its development schemes.

Port and Delta, the Dutch consortium formed to carry out the work in China, said last June it was not unduly worried about the delays. But the latest edition of ABN's staff magazine suggests the banks have given up hope of the project going ahead in the foreseeable future.

"There are, nevertheless, still openings for the Dutch business world on a more modest scale and in other areas in the new phase of China's development," ABN said.

● HOLLAND Agro-Industrials has signed a Fl 50m (£11.7m) contract with the National Irrigation Board of Kenya to irrigate and drain 8,000 hectares of land.

The work will be carried out as part of the Bura irrigation and settlement project, about 250 miles east of Nairobi.

Holland Agro will instal hydraulic equipment along a canal network, a pumping station at the head of a supply canal, and an irrigation and drainage system.

Steel sales loss seen as strike continues

By Lorne Barling

BRITISH exporters are faced with "a catastrophic start to the new year" as a result of the steel strike, which is likely to lead to delivery delays and lost orders, the Birmingham Chamber of Commerce warned yesterday.

Mr. Joe Brown, president of the chamber, said foreign competitors would have a field day as a result of the strike, and British steelworkers, the steel industry and exporting companies would have to pay the price.

The chamber pointed out that whatever the outcome of the strike, manufacturing industry would be faced with steel shortages due to the gap in the pipeline caused by recent lack of production.

As a result, companies would be forced to offer late delivery dates on export contracts, which was likely to lead to loss of orders. The export prospects for the first quarter of this year were, therefore, bleak.

Mr. Cecil Parkinson, Minister of State for Trade, is expected to be confronted with these problems when he visits Birmingham at the end of the month—for the chamber's annual exports day.

Honduras dam deal for Swiss

By John Wicks in Zurich

MOTOR - COLUMBUS Ingenieurunternehmung, the Swiss civil engineering company, has been awarded a contract for project and construction management of what will be the highest dam in America's continent, the 226 metre high El Cajon dam in Honduras.

Building will start this spring, and financing is to come from the World Bank, the Inter-American Development Bank and the Banco Centroamericano de Integracion Economica.

IATA seeks formula to raise air fares in line with fuel costs

BY BRIJ KHINDARIA IN GENEVA

THE major world airlines are seeking substantial air fare increases to keep up with rising fuel costs and are currently assessing how far they can go towards persuading governments who authorise such increases on a regular and automatic basis.

The discussions now being held in Geneva under auspices of the International Air Transport Association (IATA), may go beyond the January 22 closing date because of important differences among the airlines, partly reflecting government anti-inflation policies and how far certain governments intervene in management operations.

Airlines in countries with strong currencies and low inflation rates are thinking of single figure fares increases, in percentage terms, while other airlines want more.

The price of aviation fuel varies from about 65 cents a gallon in North America to nearly $2.50 in certain African countries, compared with an average overall price of about 45 cents a gallon at the end of 1978, placing what many airlines see as unacceptable strains on their resources. The differences in fuel prices reflect transport costs, hidden government levies, and last-minute buying on the spot market to meet increased passenger demand.

Major rationalisation programmes and better management techniques have allowed airlines to reduce fuel usage by 10-15 per cent, but such improvements have reached their limit, the industry says.

IATA officials estimate that the average net profit of member airlines in 1979 will barely be 1 per cent, while 1980 remains a question mark, compared with a modest 2.8 per cent in 1978. Reasonable profits are usually considered to be in the 4-6 per cent range.

Transworld Airlines (TWA) has asked U.S. authorities for permission to raise its transatlantic fares by 8 per cent.

This compares with an IATA secretariat proposal before the current conference suggesting that governments automatically authorise air fare increases of up to 3 per cent if an airline can prove that its total operating costs have risen by that level because of high fuel costs.

Decisions to increase fares by more than 6 per cent would require a new IATA conference.

At present about one-quarter of IATA member airlines' operating costs are made up of spending on fuel, but governments rarely take less than three months to approve fare increases, leaving airlines to absorb the higher fuel costs in the interim period.

The automatic authorisation now being discussed would save airlines from this "drag effect" and also improve their financial position.

Swiss argue Japan watch claim

BY JOHN WICKS IN ZURICH

JAPANESE claims that Switzerland last year produced fewer watches than Japan have been contested by M. Rene Retornaz, Director of Horlogere, the Swiss watch organisation federation.

A comparison of respective output made at the end of last month by Mr. Yoshinori Shirakawa, managing director of the Japan Clock and Watch Association, had set world production of Japanese manufacturers against purely national output of Swiss companies, said M. Retornaz.

In fact, overall production in Switzerland and elsewhere by Swiss watch companies had reached some 82m units in 1979, as compared with 59m-60m units overall on the part of the Japanese, M. Retornaz stated. Manufacture in Switzerland itself had been of about 52.3m units, as against some 50m watches actually made in Japan. Owing to a drop of some 20 per cent in the number of watches made in Switzerland for export, world production by the Swiss watch industry had declined from a level of some 91m units in the previous year.

Latest national statistics show that watch industry orders were higher by 13.2 per cent in the third quarter of 1979 than for the corresponding period of 1978. The volume of orders on hand was, however, lower by as much as 21.3 per cent. Industry turnover continues to fall, particularly as a result of a 7 per cent decline in total export value for the first nine months of last year.

Jordan seeks glass factory bids

BY RAMI G. KHOURI IN AMMAN

JORDAN has asked for prequalification bids from international contractors for a $20m (£9m) sheet glass plant that is a major test of the Government's strategy of locating new industries in provincial regions.

The 18,000-tons-per-year plant will be located at Maan, in southern Jordan, which is one of the country's slower growing cities.

The plant is owned and operated by the Jordan Glass Industries Company (JGIC). Total cost of the $20m plant would be covered by the capital and Government-guaranteed commercial loans.

The French company Boussois, of the plate glass division of the BSN Gervais Danone group, and Sweco, of Sweden, are consultants for the plant, and have completed design work and tender documents.

The pre-qualification call asks for bids from companies to cover all civil works for the glass plant, and to cover electro-mechanical works.

The contract could be awarded to a single company or to joint ventures, and the pre-qualification deadline is March 15.

About half the plant's annual output will be consumed in Jordan, while the rest will be exported to nearby markets in Saudi Arabia and other Gulf States.

British shipping seeks investment allowance

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE GOVERNMENT is being urged to re-introduce investment allowances for ships so that British shipping companies can take advantage of the next upturn in the world shipping market.

In its Budget submission to the Government, the General Council of British Shipping argues that the introduction of investment allowances—effectively a subsidy—is a matter of urgency. As a result of the prolonged shipping recession the UK merchant fleet has fallen by over 25 per cent in just over three years. This has involved the net loss of 375 ships totalling 13m dwt. The UK fleet is now composed of about 1,200 ships of 37m dwt. Roughly 17m dwt is owned by oil companies, 15m dwt by quoted companies and 5m dwt by private companies.

In 1975 the UK owned 9 per cent of the world fleet. This has now fallen to 6 per cent and the 1.5m dwt on order for UK owners is the smallest for a long time. The trading profits of 20 well-known UK shipping companies fell from £101m in 1976 to £90m in 1977 and £23m in 1978.

The council argues that unless some form of assistance is brought in quickly the consequences for both the UK shipping fleet and the invisibles sector of the balance of payments will be serious. The council had considered asking for official grants to build new ships, but felt that in the present political climate investment allowances were the best bet, as they benefit only those companies capable of making a profit.

The UK shipping industry was able to take advantage of investment allowances between 1954 and 1966. When they were last removed the allowances were running at 40 per cent. Any extension of investment allowances would be a big help to companies considering re-equipping their fleets.

In normal times UK shipowners were investing about £600m per annum, but over the past couple of years the total has slumped dramatically. The council calculates that if implemented investment allowances of up to £250m per annum might be involved. The cost to the Government would at most be half of this and would be spread over a number of years.

The plea for investment allowances is the most important of the seven Budget proposals submitted to the Government by the council. Other topics covered include amendment of rules for consortium group relief and reform of capital transfer tax.

Big trade deficit after surplus

BY OUR ECONOMICS CORRESPONDENT

THE UK had a current account deficit of £2.42bn last year after a surplus of £714m in 1978. The deterioration occurred in both visible and invisible trade.

Import volume rose by 12 per cent, while export volume increased by 4½ per cent with the result that the visible deficit increased by £1.7bn. However, this masked a deterioration of £2.9bn on non-oil trade since a sharp rise in North Sea oil production helped to reduce the deficit on trade in oil by £1.2bn.

The invisibles surplus dropped by £1.4bn compared with 1978, mainly because of increased earnings by foreign oil companies, higher travel expenditure overseas and increased payments to the EEC.

In the final three months of last year visible trade was in deficit by £535m compared with £406m in the previous quarter. There was a marked worsening in the balance in non-oil trade less erratic items of £278m, principally reflecting substantially higher imports of finished manufactured goods.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m
1978	1st	8,332	8,970	118.7	114.1	106.2	−620
	2nd	8,610	8,933	121.3	110.3	105.4	−414
	3rd	8,989	9,414	123.9	115.4	106.6	−501
	4th	9,140	9,247	123.9	112.9	107.4	−480
1979	1st	8,277	9,887	109.4	117.2	108.0	−234
	2nd	10,586	11,268	136.7	131.4	107.9	−227
	3rd	10,728	11,134	132.3	129.5	108.5	−166
	4th	11,701	11,636	132.8	129.1	106.1	−177
	July	3,600	3,627	134.1	127.7	109.7	−44
	Aug.	3,545	3,739	130.7	131.4	108.6	−130
	Sept.	3,583	3,768	132.0	129.3	107.1	+8
	Oct.	3,534	3,952	128.6	134.1	106.4	−85
	Nov.	3,744	3,789	133.7	125.0	106.1	+12
	Dec.	3,823	3,895	136.1	128.1	105.7	−104

* ratio of export prices to import prices

Source: Department of Trade

Bow Group calls for auction of oil exploration areas

BY MAURICE SAMUELSON

OIL EXPLORATION areas in British waters should in future be auctioned to oil companies rather than allocated at the discretion of Energy Department officials, a document published by the Conservative Party's Bow Group says.

The Government is preparing the seventh round of allocations of licences to explore and produce oil and gas in the UK sector of the North Sea.

Past precedent, according to Mr. Peter Lilley, investment analyst with W. Greenwell, stockbroker, and former Bow Group chairman, means that the licences will be "given away almost free although their market value is very large."

Mr. Lilley cites Government estimates that the remaining unallocated North Sea acreage may contain between 4bn and 7½bn barrels of oil. He believes that companies would bid 76 cents a barrel of anticipated discovery and that remaining licences might raise between £1.5bn and £2.7bn.

Mr. Lilley says that most of the arguments against auctioning licences are based on fears that too many licences would be bought by financially or technically incompetent companies, foreign concerns and by large groups.

However, he observes, those objections are "illusory," since, in practice, in previous "experimental" auctions in the UK and U.S., the Governments retained discretion to reject bids from companies that they considered undesirable.

The only occasion when the UK has sold licences—covering 15 blocks in 1971—raised £37m. By contrast, in the U.S., exploration rights on all publicly owned lands must be allocated by auction.

The established British system of discretionary allocation is staunchly supported by the oil industry, "which not surprisingly approves of a system under which it receives in return for a peppercorn rent the rights to oil and gas reserves worth billions of pounds."

In a foreword, Mr. Richard Simmons, Bow Group research secretary, adds that when Mr. Lilley's proposal was made in Greenwell's December 1979 oil commentary, Ministers were sympathetic to the idea of auctions, but the Department of Energy was determined to resist auctioning the blocks that it will select for the seventh round.

Those blocks will still be "given away," Mr. Simmons says. "The Department is considering inviting bids only in respect of any blocks nominated by the oil companies."

● The Energy Department denied yesterday that officials and Ministers were split over auctions. Mr. Hamish Gray, Minister of State, told MPs at the beginning of the week that while there was no commitment to include auctions in the seventh round, they had not been ruled out for the future.

North Sea Giveaway: The Case for Auctioning North Sea Oil Licences. By Peter Lilley; a Bow Paper (Bow Publications, 240 High Holborn, London WC1V 7DT; £2).

Rise of 10% in plastics materials

By Sue Cameron, Chemicals Correspondent

SHELL Chemicals UK and Imperial Chemical Industries are increasing some plastics raw materials prices by about 10 per cent.

Both groups are putting up prices of low-density polyethylene (LDPE) at the start of next month and Shell is also planning to raise the price of polystyrene, also by 10 per cent, on February 11.

Price increases for other plastics materials such as polypropylene, made by ICI and Shell, are thought to be forthcoming.

The main reason for the LDPE and polystyrene price rises is the increased cost of oil and of petrochemical feedstocks, notably naphtha.

The 10 per cent increases will take the price of Shell Chemicals' and ICI's basic-grade LDPE from about £550 a tonne to slightly more than £600.

Shell's crystal polystyrene, used in making equipment such as light fittings, will go from about £625 a tonne to £690; its toughened polystyrene, used chiefly for packaging, will go from about £655 a tonne to £720; and its expandable polystyrene, used for insulation and in display packaging, will be increased in price from around £650 a tonne to £715.

LDPE is used to make packaging film

Market set to weaken this year as demand for petrol deteriorates

BY MARTIN DICKSON

THE UK market for oil products is expected to weaken this year, with demand for petrol and other light fractions likely to fall as the country moves into recession and the price of petrol continues to increase in real terms.

That forecast is made today in Energy for Industry and Commerce, a quarterly bulletin published by Cambridge Information and Research Services.

Fuel oil fractions are likely to remain reasonably available, partciularly the heavier grades.

The bulletin estimates that final figures for 1979 will show the UK's primary energy consumption to have risen by about 4 per cent compared with 1978, reaching the same level as 1973, the previous record year.

"At first sight, this likely outcome is surprising in view of both the considerable and continuing increases in fuel prices and the low level of economic activity," the bulletin says.

"But there are a number of factors at work which suggest that 1979's increase may well prove a special case."

They include the severe cold weather in the first quarter and the increased use of coal at power stations, involving the use of less efficient plant.

However, the report adds that if "the figures into 1980 show little change from these levels they will say little for the success of the UK's conservation efforts in the face of the continuing world oil-supply difficulties and will underline the need for the adoption of a far more radical approach to the problem."

Turning to the North Sea, the bulletin notes that a comprices, greater company profitability and the more favourable attitudes towards the private sector adopted by the Conservative Government are showing in plans for increased company investment and effort.

Oil salvage plea to motorists

AN OIL salvage campaign backed by 75 collection centres at garages and council depots throughout Nottinghamshire has been launched. The aim is to collect thousands of gallons of used motor oil which will be recycled or used as fuel oil.

Motorists who change the oil in their cars are asked to leave the waste oil in one of the 75 storage tanks. Mr. Tony Marson, director of Nottingham Environmental Information Centre, said: "We estimate that nationally 10m gallons of old oil could be salvaged."

Optimistic forecast for 1980 tourism

BY ARTHUR SANDLES

AN OPTIMISTIC forecast on the number of foreign tourists visiting the UK this year was made yesterday by Sir Henry Marking, British Tourist Authority Chairman.

Sir Henry's optimism was based on the fact that international tourism "shows tremendous resilience." Even though last year was thought to be bad for UK tourist traffic and per capita spending fell, the number of people coming to Britain was slightly up.

There was a slight fall in American traffic but there were rises from Europe, South America and the Far East. Lower air fares considerably increased the number of Australians coming here.

Sir Henry said 1979 was the year of the British landlady as far as foreigners were concerned. "Large numbers of tourists turned to bed and breakfast establishments," said Sir Henry. "They are just discovering them."

He painted a picture of eager Americans renting cars, exploring the British countryside and finding the small guest and boarding houses. "Once they had tried this peculiarly British institution they became fans."

Sir Henry blamed much of the hotel industry's downturn in 1979 not on high prices but on the strength of sterling which convinced many Britons that they should go abroad. America itself was now a major competitor to the UK for British holidaymakers.

According to Sir Henry, Britain's estimated £3.5bn revenue from 1979 tourism would rise to £3.85bn this year and to £6bn in 1985. By 1990 it would grow to £10bn.

Inquiry on lake-raising plan opens

A PUBLIC inquiry opened yesterday into controversial plans to raise the level of two of the Lake District's most picturesque stretches of water. It is expected to last for three months, with up to 50 witnesses due to give evidence.

The Department of the Environment Inquiry—at Whitehaven, Cumbria—is into separate applications. British Nuclear Fuels wants to extract a further 7m gallons of water a day from Wastwater—England's deepest lake—for use at the Windscale nuclear plant.

At present it takes 4m gallons daily. If the application is approved it will involve the construction of a weir raising the water level.

The North West Water Authority wants to take an extra 12m gallons of water a day from nearby Ennerdale for use in industrial West Cumbria. It would involve the construction of a pump station, and other works, to raise the level of the lake.

Over a dozen organisations and individuals have objected and have put forward an alternative, but costlier scheme, which would involve extracting water from a nearby river.

Mr. Ian Glidewell, QC, representing the water authority, told the hearing that more water was needed for domestic and industrial supplies in West Cumbria, as well as for the Windscale plant. The Ennerdale scheme was the cheapest project and would have least effect on the environment.

Mr. Lionel Read, QC for British Nuclear Fuels, said unless more water was available for Windscale, it could lead to the shutdown of the processing plant which he said was "unacceptable."

Mr. Christopher Hordern, QC, for the Lake District Special Planning Board, argued that each proposal involved "significant and detrimental changes."

Decision on pit boosts NCB's Stafford plans

By Martin Dickson

NATIONAL COAL Board plans to develop a £160m mine near Stafford have been given a boost by a Staffordshire Council decision not to oppose the scheme outright.

The council's planning committee decided on Monday night that the balance of advantage might lie in allowing the development to proceed, subject to stringent qualifications on subsidence, waste-disposal and the location of surface installations.

The NCB's planning applications for the Park mine, submitted in the autumn of 1978, are being opposed by the Stafford Borough Council. A public inquiry is expected later this year, after completion of the inquiry into the NCB's plans to mine coal in Leicestershire's Vale of Belvoir.

Park mine, a so-called superpit using the most modern mining techniques, would be located just outside Stafford, employ 1,400 men and produce 2m tonnes of coal a year for 50 years.

Bid to remove friction over Scottish pickets

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Scottish TUC called in the steel unions' strike committee yesterday to try to remove some of the friction between the strikers and other unions over the decision to picket manufacturing industries.

The Scottish Confederation of British Industry said last night that the policy amounted to tertiary picketing.

Scottish strikers defied their national leadership last week when they began mass picketing of steel stockholders.

They did it again this week when flying pickets were sent to the gates of a half-dozen leading users of steel.

"It might be against official union policy, but Mr. Bill Sirs and the others are having to say a lot of things in public that they don't necessarily mean," said Mr. Pat Shevlin, spokesman for the Scottish strike committee.

"We want this strike over as soon as possible and we would like the executive committee (which meets today) to make it an all-out action. We will do our damndest to make sure steel does not get to manufacturers. Some of them may have stocks on the premises, but as long as the strike lasts, we will be there."

Tertiary picketing has angered shop stewards in companies already weakened by last year's engineering dispute and the slump in orders over recent months. Their complaints to the STUC headquarters in Glasgow and their fears for the jobs of their members prompted Mr. Jimmy Milne, STUC general secretary, to call in the strike committee.

After the meeting he outlined an agreement defining what the trade union movement believes are legitimate targets for pickets and what are not. Raw steel supplies are regarded as fair game, but finished products and other supplies are not.

Mr. Milne blamed the Press for the bitterness which has arisen between unions. The dispute has attracted wide publicity north of the border yet in spite of this and the huffing and puffing of the CBI it has so far had little effect outside the steel industry.

This is partly due to the inexperience of the strikers—embarking on the first-ever national strike of the Iron and Steel Trades Confederation—and partly it is a sad reflection on the state of Scottish manufacturing industry. The recession has bitten so hard that most companies have between two weeks' and two months' stocks of steel lying in their yards.

The only lay offs so far have been among stockholders and haulage drivers. In manufacturing, only one company has reported a problem, Baxter's Foods at Fochabers, Morayshire, where 50 workers have been sent home because of a shortage of cans.

In engineering, the motor industry, shipbuilding and the oil platform yards, companies were given enough warning of the dispute to be able to stock up in advance.

They could withstand a total blockade, but that is hardly in prospect. The ISTC is not a battle-trained union and the strike committee, working from the abandoned Glen Cafe behind the Ravenscraig steel works in Motherwell, is still feeling its way.

During phase one of the dispute—closing steel works—it was on home ground, at least it knew where the works were. Phase two—hitting the stockholders—led to immediate problems. One radio reporter ventured into the Glen last week with his own list of stock yards drawn up after a few telephone calls. It was almost twice the length of the list being used by the pickets.

The strikers have had some successes. A couple of stockholders have closed for a limited period and others—with prompting from the police—have concluded agreements cutting deliveries by half in exchange for withdrawal of mass pickets.

These triumphs have been within a few miles of Ravenscraig. Stockholders, on the other side of the Clyde conurbation, not to mention those as far afield as Edinburgh, Dundee and Aberdeen, have been untouched.

It is a similary story in manufacturing. Caterpillar Tractors, at Uddingston, was picketed a week ago.

"They were verye effective," said a management spokesman. "They turned away several lorries."

But the following day the pickets did not turn up and the lorries came back.

"We have had some confusion," admits Mr. Shevlin, "but we will get better."

If the strikers' proficiency is in question, their determination is not. There is no sign so far of any move to get back to work or accept less than the full claim. The men are prepared to fight on and there has been no break in their good humour.

Picket lines have been well organised and—nothwithstanding nine arrests for obstruction and one warning—no more violent than a little pushing and shoving. The strikers have the respect of the police and the police have the respect of the strikers.

Mr. Shevlin says, without a trace of the irony you might hear during other disputes: "We had a meeting with the police to thank them for their co-operation and the assistance they have given us."

● Lord Trenchard, Minister of State at the Industry Department, said yesterday he hoped realism would prevail in the steel strike, leading to a settlement on terms which would help restore BSC's competitiveness.

Garrard cuts workforce by 155 jobs

BY JOHN LLOYD

GARRARD, the record turntable manufacturer bought from Plessey last November by the Brazilian company Gradiente, has sacked 155 employees.

The workforce at the company's Swindon plant now stands at about 430, one-tenth of the company's strength in the mid 1970s.

The cut comes less than two months after the Brazilian company acquired Garrard from Plessey, which had owned it since 1960, for £1m. The 580 employees, it is believed, were told that their jobs were secure.

However, Mr. Alan Peck, the new joint managing director, said that continuing depression in the hi-fi market made further redundancies inevitable. "We do this with very great regret, and we have kept it down to reasonable proportions. But with stocks high at the manufacturers, distributors and retailers, we can't just go on producing."

He added that 1980 would be "a year of retrenchment," but the company should begin to break even in 1980. Losses at Garrard were running at £5m a year three years ago, though they had been cut considerably before the Gradiente purchase.

By 1981, the company may be able to broaden its range of products, either by marketing other Gradiente hi-fi equipment or by manufacturing new products. It intends to move from its present, obsolete factory in Newcastle Street, Swindon, to the Chaney Manor trading estate, also in Swindon.

The staff to be made redundant have been given the statutory 90 days notice. They include 14 managers, 36 office staff, 25 indirect workers and 80 direct, or production workers.

JCB signs deal with Delhi company

THE JCB excavator company is to start production outside Britain for the first time. A deal has been signed with an Indian company to produce JCB earth-movers at a site near Delhi.

The company, which is based in Rocester, Staffordshire, said yesterday that the deal would help overcome import difficulties with India.

Few shortages but pickets tighten grip

BY MAURICE SAMUELSON

NO SERIOUS shortages of particular types of steel have yet been reported despite a slight increase in the scope and intensity of picketing, the National Association of Steel Stockholders said yesterday.

The Association, abount only a tenth of whose 264 members were being picketed at the beginning of the week, said it was surprised that it had not been inundated by members inquiring where they could obtain scarce items.

But while refusing to say how many more companies had been picketed in the previous 24 hours, it said that the total was increasing, that the picketing was becoming more intensive.

Computer staff halt redundancy pay outs

ALMOST 900 steel workers will lose their jobs at Shotton in North Wales on Saturday without receiving their redundancy pay. About £7m should be paid to the men, but computer staff responsible for working out the amounts are taking part in the strike.

British Steel confirmed the men will not get any redundancy pay until the strike ends, although the steel unions are demanding that they pay out token amounts to the men affected.

Meanwhile, 13 pay clerks will be allowed into Shotton today to hand out 2,500 wage packets worth £2m, which have been held since before Christmas.

Former BSC manager jailed

A FORMER British Steel Corporation manager, Mr. Brian Holland, 49, said to be at the centre of "a web of corruption" in relation to BSC business in Scunthorpe, was sentenced to two years' imprisonment at Lincoln Crown Court yesterday.

Record commercial vehicle registrations

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

REGISTRATIONS of new commercial vehicles in the UK last year were the highest ever, the Society of Motor Manufacturers and Traders confirmed yesterday.

But the total of 300,565 only just beat the previous record of 300,341, set in 1973. However, the figure was 17.27 per cent above the 1978 level.

The buoyancy of the market surprised the UK manufacturers and they found it impossible to keep pace with demand. Importers, however, were not short of vehicles because other European markets were depressed.

As a result the importers' share of the UK market advanced again in 1979 to 23.2 per cent, against 21.8 per cent the previous year.

An important factor in the relative success of the UK manufacturers in holding back imports has been the decision by the American-owned multinationals, General Motors and Ford, to base much of their commercial vehicle activity in Britain.

Although nearly half the Ford cars registered in the UK last year were assembled overseas, only 4 per cent of its commercial vehicle total was imported. Ford kept its UK commercial market leadership, with 91,402 vehicles registered last year—excluding buses—beating the company's previous best of 90,642 in 1972.

BL, with 66,132 commercial vehicles registered, was in second place. But at the heavy end of the market—trucks and articulated vehicles above 3.5 tons gross weight—the group managed an advance of only 1.6 per cent to 13,904 registrations, against the total market surge of 13.36 per cent.

Bedford, the General Motors subsidiary, in third place overall with 52,483 registrations, managed a 16.7 per cent increase in the over-3.5 tons sector in spite of production problems. It sold 15,024 "heavies."

The Society of Motor Manufacturers and Traders splits the commercial vehicle business into five sectors. Sales of car-derived vans rose 14.1 per cent to 92,585 with the importers' total falling by 13.7 per cent to 14,294.

The main reason was the decision of importers of Japanese light commercials to switch the emphasis from car-derived to purpose-built vans.

Registrations of purpose-built vans rose 19.76 per cent to 117,468. Because of the switch by the Japanese, and a successful year by Daimler-Benz, the importers' total jumped 34.5 per cent to 34,228.

Sales of four-wheel-drive vehicles soared 61 per cent to 10,656. Land Rover had a healthy year in the UK, registering 6,418 vehicles, up 12 per cent on 1978. However, newcomers from overseas helped imports rise by 374 per cent to 4,238.

Registrations of trucks and articulated vehicles over 3.5 tons gross weight were 13.4 per cent ahead at 79,856, but the bus and coach market remained relatively static at 5,800.

The other UK-based manufacturers figure mainly in the over-3.5 tons sector and they all outpaced the overall market growth.

Dodge—now owned by PSA Peugeot-Citroen — had 6,952 registrations in this sector, up 22.56 per cent; ERF 3,038, up 14.5 per cent; Seddon Atkinson subsidiary of International Harvester of the U.S.—4,626, up 21 per cent; and Foden 1,480, up 21.3 per cent.

Seddon overtook Volvo of Sweden, the leading importer in the sector, last year. Volvo's 4,052 registrations showed a relatively modest 8.8 per cent rise.

Coming up fast behind Volvo was Daimler-Benz of West Germany, Europe's biggest truck maker, which uses the Mercedes name in the UK. Although it began tackling the British market only six years ago, Mercedes had a 41 per cent rise in sales in 1978 and last year its registrations rose 46 per cent.

This year the importer's leadership will go on a technicality to IVECO, which is owned by Fiat and, taking in Magirus Deutz of West Germany, is combining operations in the UK. Fiat and Magirus vehicles will retain their individual names and be sold through separate dealership networks, but IVECO could claim leadership by combining the sales totals.

In 1979 Magirus sales were up 57.5 per cent to 1,235 while Fiat's rose 67 per cent to 2,070 in the over-3.5 tons sector. When Fiat's lighter vehicles are included, IVECO's total last year reached 4,840.

REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE UNITED KINGDOM BY MANUFACTURERS

Manufacturer	Total 12 months ended December 1979	1978
BRITISH		
BL—Austin Morris	45,910	44,400
BL—Land-Rover	6,418	5,722
Leyland Vehicles	13,804	13,584
Total BL	66,132	63,706
Bedford	52,483	45,926
Dodge	14,306	12,182
Ford	87,756	69,837
Hestair Dennis	363	328
ERF	3,038	2,653
Foden	1,480	1,228
Seddon Atkinson	4,626	3,825
Volvo	—	—
Others	609	762
Total British	230,793	200,439
IMPORTED		
Daf (Holland)	2,090	1,728
Ford (Holland)	385	229
Chrysler (France)	4,357	3,889
Citroen (France)	2	39
Fiat (France)	491	282
Peugeot (France)	1,301	1,034
Renault (France)	2,553	2,101
MAN (West Germany)	519	408
Magirus-Deutz (West Germany)	1,235	815
Mercedes-Benz (West Germany)	6,241	4,769
Opel (West Germany)	72	36
Volkeswagen (West Germany)	11,714	8,103
Fiat (Italy)	3,605	3,466
Daihatsu (Japan)	1,808	637
Datsun (Japan)	8,165	7,527
Honda (Japan)	2,604	3,017
Mazda (Japan)	2,977	2,769
Mitsubishi (Japan)	942	—
Subaru (Japan)	1,110	42
Toyota (Japan)	5,671	5,303
Polski-Fiat (Poland)	848	534
Roman (Rumania)	35	28
Chrysler (Spain)	224	169
Ford (Spain)	3,261	3,850
Scania (Sweden)	1,542	1,394
Volvo (Sweden)	4,052	3,725
Jeep (USA)	255	175
Others	1,719	305
Total Imported	69,772	55,846
GRAND TOTAL	300,565	256,285

Source: Society of Motor Manufacturers and Traders

Race probe of NHS urged

BY ROBIN PAULEY

DOCTORS from overseas make slower progress through the promotion system in the National Health Service and enough evidence of discrimination exists to warrant an investigation by the Commission for Racial Equality, according to a report by Mr. David Smith of the Policy Research Institute.

His report, on a research project funded by the Department of Health, recommends an investigation into the recruitment of doctors from overseas, their promotion and training.

He also recommends the revision of training methods to provide a standardised system of training junior doctors to prevent a disproportionate number of overseas doctors ending up in "thoroughly unpopular specialties such as psychiatry and geriatrics."

It would also help to end the present use of overseas doctors as "a pair of hands" in *casualty and emergency* department work which British doctors were more reluctant to accept.

Mr. Smith said this would also provide an opportunity to channel overseas doctors through one point of entry into Britain, test their English, and provide intensive language tuition where necessary before the doctors went out to work in hospitals.

This could eliminate possibly a third of overseas doctors in Britain having a "signficant linguistic handicap."

About 70 per cent of the 18,000 doctors from overseas in the NHS were not native English speakers. The severe language problems were with those who had been in the country less than three years. "There are no cases, for example, of overseas doctors who have become consultants having any linguistic problems. But newly arrived junior hospital doctors wanting to follow post graduate training in Britain often have great difficulty."

Of the 50,000 doctors in England, 18,000 were from overseas and were concentrated in hospitals. Only 14 per cent of general practitioners were from overseas.

Both the foreign doctors and their British colleagues questioned by Mr. Smith's team felt that overseas doctors faced special difficulties with regard to promotion. They agreed that a British doctor would invariably be selected by an interview board against an overseas doctor of similar qualification and experience who had gained his initial medical training and qualification outside Britain.

The difficulties were most pronounced for coloured doctors.

Another problem highlighted by the research is that the best overseas doctors gain their desired training and return home where they aspire to becoming consultants. Those that do not make the grade in Britain stay on and are further held back by the prejudices against them.

Mr. Sunil Bhattacharya, president of the Overseas Doctors Association, said yesterday. "It costs £30,000 to educate an English doctor. Overseas doctors arrive here already trained, thus saving those costs, but are regarded as just a pair of hands for casualty and emergency departments. We have a right to expect the Government to give us, in return, at least a structured system of further education."

* *Overseas Doctors in the National Health Service. David J. Smith, Policy Studies Institute, London. £12.50.*

Wool trade working conditions criticised

BY RHYS DAVID, TEXTILES CORRESPONDENT

SECTIONS OF the wool textile industry are strongly criticised for failing to tackle health and safety problems adequately in a report published yesterday.

The report by the Government's Health and Safety Executive, says that although the number of accidents in the industry is below that for manufacturing industry as a whole, the proportion involving moving machinery is double the national industrial average. Accidents involving moving machinery are often the most serious.

"A basic problem is that tradition has developed work methods which frequently encourage and facilitate approach to moving machinery. Much of the industry is still housed in buildings erected at the turn of the century which create problems of machine spacing, made worse sometimes by the continued use of flat belt drives from overhead shafting."

The executive urges better guarding techniques particularly for carding machines where wool fibre receives its initial disentangling. Tighter standards.

The report, the first to be produced by the factory inspectorate's wool textile national industry group—one of 21 such industry groups set up after the Roben's report on safety at work—is also concerned at the endemic deafness among long service loom workers in West Yorkshire and Lancashire.

Wool Textile: Health and Safety 1971-77, HMSO, £1.

Call for unified control of all London Transport

FINANCIAL TIMES REPORTER

LONDON should have a single public transport authority which would co-ordinate all public transport services and their management, Mr. Ralph Bennett, chairman of London Transport, said yesterday.

Mr. Bennett told a meeting of the Chartered Institute of Transport, in Dublin, that it was not in the public's best interest that London's two principal transport operators—London Transport and British Rail—should have fundamentally different systems of financial and political control.

These differences resulted in variations in policy and lack of co-ordination, especially in areas such as fares.

Transport in the principal conurbations outside London operated under passenger transport authorities which had political control and passenger transport executives which were responsible for management.

Mr. Bennett said: "I believe that a PTA/PTE set-up should be introduced in the London area, covering not only the whole of Greater London but also most of the rail services used by commuters travelling in from beyond the Green Belt.

Mr. Bennett warned of the dangers of short-term political considerations cutting across long-term requirements.

Environmental rules may endanger car industry

BY JOHN GRIFFITHS

WORLD demand for cars by 1990 will have risen by 9m units to more than 40m a year, Sir Barrie Heath, president of the Society of Motor Manufacturers, said last night on the eve of this year's motor show in Brussels.

Sir Barrie predicted that the West European car market would grow over the same period from 9m units to 12m units, but coupled his forecasts with a warning to governments that the health of the West European industry would be endangered by the introduction of more stringent environmental regulations.

Europe's car makers had committed themselves to "the most demanding improvements in fuel efficiency by 1985 of any manufacturing nation," Sir Barrie claimed. "In Britain and Europe we are starting the decade with a national fleet average fuel consumption which is virtually the same as the American industry's target for 1985. However, the motor industries of Europe must convince our governments that this lead can be endangered by the introduction of more severe anti-pollution regulations or further reductions of lead levels in petrols."

In a clear reference to the U.S., Sir Barrie declared that some nations were already burning 15-20 per cent more fuel in their cars than necessary because of what he described as "severe and environmentally unjustifiable exhaust emission legislation."

He suggested that investment would be better spent on designing more economical, safer, durable and reliable cars and commercial vehicles.

Describing the British motor industry's performance, Sir Barrie said the final months of the year had shown an improvement in output after a series of work stoppages earlier in the year. With continuous production it could have done considerably better in terms of the £4.1bn cars, commercial vehicle, components and other industry products, which went for export.

Although new car sales in Britain last year were a record 1.7m, Sir Barrie forecast that this year they would fall back to 1.5m units.

He forecast that over the next decade annual world output of commercial vehicles would rise by about 10 per cent to 12m in 1990.

INCREASING DEMAND FOR INDUSTRIAL LOANS

Invention is key to survival

BY ANDREW FISHER

COMPANIES keen to survive the coming problems in the UK economy should concentrate on new product development rather than simply adding new plant, Lord Caldecote, the new chairman of Finance for Industry, said yesterday.

By designing and exploiting new products companies created a "virtuous spiral" which enhanced profits and led to more jobs, he said.

FFI's main arm, Industrial and Commercial Finance Corporation, is looking at applications for loans totalling £120m received from small and medium-sized businesses.

This is a fifth higher than the level of last July, Lord Caldecote said: "It will be interesting to see if the trend of recent years takes a hiccup in 1980 or not."

Lord Caldecote, who is also chairman of Delta Metal and of Legal and General Assurance, succeeded Lord Seebohm as the head of Finance for Industry at the start of this year. The UK clearing banks own the bulk of the group, with the Bank of England holding 15 per cent.

In the first nine months of the present financial year, Industrial and Commercial Finance boosted its lending from £44.5m to £67m, roughly the same as the figure for the whole of the previous year to March 31, 1979.

Lord Caldecote hoped that *Britain's present high interest* rates would start to soften around May. ICFC tried to iron out the peaks and give its clients reasonable stability in rates, he said.

He stressed the importance of continued investment in difficult times. "If you stop in a slump, you find you have not got the capacity and products when the slump is over."

The immediate future would be hardest for those smaller companies with a high level of borrowings. Because of high inflation and the pound's strength, he said, "I *suppose it* is a sad conclusion that companies which are excessively dependent on exports are vulnerable."

But smaller companies had the advantage of being more flexible. Nor were there any signs that the flow of new ideas from businessmen wanting ICFC loans in return for an equity stake was slowing.

Landing fees may rise by 40%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH Airports Authority is discussing with the airlines its plan to increase landing fees and aircraft parking charges *by up* to two-fifths at Heathrow and one-fifth at Gatwick.

The proposed new charges would apply from April 1.

That is the scale of increase which, according to a warning given earlier this week to the airlines by Mr. Norman Payne, chairman of the authority, would be necessary to enable the authority to meet the expected additional bills, amounting to £500m, for building new passenger terminals at Heathrow, Gatwick and Stansted.

The big increases planned by the authority are also one of the factors behind the efforts by the airlines and other aviation users in the British Civil Aviation Standing Conference to meet Mr. John Nott, Secretary for Trade, to protest about the way in which the British Airports Authority and the Civil Aviation Authority are putting up their charges.

The effect of the rises planned by the airports authority will be to raise the average landing charge at Heathrow for a fully loaded Boeing 747 from £2,067 to £2,873.

In the early morning peak hours at Heathrow, the present 747 landing charge of £3,700 will rise to £5,127, while for the Trident, widely used by British Airways' European division, it will rise from £890 to £1,233.

At Gatwick, the average landing fee for a 747 will rise from the present £1,384 to £1,693.

During peak hours at Gatwick however, the rate will fall from £2,721 to £2,233. That is because the authority is anxious to encourage more airlines to switch from Heathrow to Gatwick in the peak period.

For the authority's Scottish Airports (Prestwick, Glasgow, Edinburgh and Aberdeen), the average rise will be about 35 per cent.

All those rates are at present proposals put forward by the authority and might be amended as a result of the protests that the airlines are already making and are expected to continue to make.

Graduate shortage predicted in electrical, mechanical engineering

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EMPLOYERS will experience shortages of graduate recruits in mechanical and electrical engineering this summer, in spite of a 7 per cent increase in the output of technology degree courses, according to a report published yesterday.

Companies will either have to fill engineering vacancies with people qualified in other ways or leave the jobs vacant, says the report from the three organisations most closely concerned with recruitment from universities and polytechnics.

These are the Association of Graduate Careers Advisory Services, the allied Central Service Unit, and the Standing Conference of Employers of Graduates.

The three bodies estimate that about 100,800 students will finish degree courses this year, compared with 96,900 in 1979. *Engineering and technology* graduates will number about 13,600, science graduates 18,000, and those from courses in social studies—including management and administration — about 24,700.

Of the total output, however, only about 53,000 will be seeking jobs in the UK—an increase of about 8 per cent on the corresponding figure last year.

Demand for new graduates is estimated by the report at 4 per cent higher than in 1979. But as demand varies with subject studied, students of such topics as biological science, social *studies other than those related* to management, and arts are likely to find difficulty in getting jobs.

"There is a strong, unsatisfied demand for graduates to work in computer programming, sales, and retail management," the report adds.

"Graduates who have some power of logical thinking and/or a desire to work with people face-to-face might well consider such jobs."

Ford plant rail link opens

A RAILWAY branch line has opened in South Wales linking the Barry-Bridgend line to Ford's new engine plant at Bridgend.

Trains to and from the plant will run via Cardiff and Barry as the line diverges from the Barry line on the outskirts of Bridgend. One train daily to and from the plant will build up to three trains in each direction as the plant reaches full production.

Heseltine defends Tory Housing Bill. **Ivor Owen** reports.

Council house sale profits disputed

GOVERNMENT claims that substantial profits could arise from the sale of council houses to sitting tenants were hotly disputed by Labour leaders during the second readying debate on the Housing Bill in the Commons last night.

The need for caution in assessing the worth of long-term financial projections was stressed by Mr. Michael Heseltine, the Environment Secretary, when he taunted the Labour benches on their hostile attitude to the Bill.

"Certainly no single piece of legislation has enabled the transfer of so much capital wealth from the State to the people."

Amid Tory cheats he declared: "Certainly no single piece of legislation has enabled the transfer of so much capital wealth from the State to the people."

Mr. Heseltine insisted that he would make no "false claims" for the appraisal published by the Department of the Environment last week which suggested that over 20 years a profit of £7,600 might arise on each council house sold.

And he cast doubt on the accuracy of an earlier Department of Environment paper—commissioned by the previous Labour Government but never published—*which, according to* "leaks," showed that in the longer term losses were likely to arise from council house sales.

Mr. Heseltine argued that when in office Labour Ministers had also been sceptical about the value of the paper they had commissioned, and contended that this explained why it had never been published.

Only since the election had the document assumed "such a spurious significance."

When Mr. Reg Freeson (Lab., Brent East), the former Minister *for Housing, asserted that* Labour Ministers had believed the document to be correct, Mr. Heseltine retorted: "I am entitled *to believe that the Labour* Government did have good reason for not publishing it."

Mr. Heseltine clashed with *the former Minister* again when he highlighted the difficulties in making long-term assessments which required economic *assumptions to be made for* years in the 21st century.

Mr. Freeson declared that council house sales on the *basis proposed by the Govern*ment would result in losses after five years.

To Tory laughter and cheers *Mr. Heseltine snapped*: "You are an expert at losing money after five minutes, never mind after five years."

The market value of the dwelling would be determined by the local authority valuer, or the district valuer, if the *tenant so chose*. The purchase price would be based on market value less a discount of between 33 per cent and 50 per cent, depending on the purchaser's length of tenancy.

Mr. Michael Heseltine

"Our *discounts will bring* home ownership within the reach of many for whom it would otherwise remain an *impossible dream*," the Minister declared.

Mr. Heseltine emphasised the fact that Labour - controlled *councils would not be allowed* to frustrate the sale of council houses to tenants.

"*If it appears that a council is* not taking adequate steps to facilitate a sale under the Bill I shall be able to take over the *transaction*," he said.

The central theme of the new measure was to encourage the widest response from the largest number of people to help solve their own problems, thus enabling the concentration of public sector resources on those with the most pressing problems.

Mr. Heseltine also underlined *the value of the* "tenants charter" embodied in the Bill. It would enhance the rights and status of public sector tenants.

He looked to building societies, pension funds and insurance companies to take up the new opportunities which the Bill offered for those interested in reviving the private rented sector on a realistic economic basis.

Other provisions of the Bill, the Minister explained would lead to the introduction of a new system of housing subsidies and *regulate the distribution of tax* payers support to local government.

Mr. Roy Hattersley, Shadow *Environment Minister*, said the Opposition's principal objection to the Bill was the effect it would have in reducing the pool *of rented property* in the public sector.

The property which these people vacated opened the way for a substantial number of "relets" for new tenants in desperate need—75 per cent of families who became local authority tenants moved into council houses which were not new.

Mr. Hattersley conceded that the "admittedly generous discounts" proposed by the Government were likely to lead to a very *large demand for the* purchase of council houses in the early years.

But it was *still* the *case* that at least half the present number of council tenants would not be able to afford to buy their houses however great the discounts.

"Our discounts will bring home ownership *within the reach of many* for whom it would otherwise be an impossible dream."

Mr. Hattersley described the *private landlord* as "an anachronism in the 1980s." It was impossible to support the interest of the tenant while at *the same time providing* the private landlord with sufficient rewards and inducements to revive the private rented sector.

The best way to protect tenants was through the extension of municipal ownership as had long been advocated by the Labour Party.

Mr. Hattersley, who made it clear that Labour MPs will *ensure* that the Bill has a protracted Committee stage, also predicted that the Government's policy would result in "massive rent increases" for council tenants.

Thatcher pledges support for Yugoslavia

By John Hunt

BRITAIN will do everything it can to see that the independence of Yugoslavia is maintained, Mrs. Margaret Thatcher told the Commons yesterday in her first appearance at the Despatch Box since the Christmas recess.

Mrs. Thatcher was answering a question from **Mr. Julian Amery** (C. Brighton Pavilion), who urged the Government to make it plain to President Brezhnev of the Soviet Union that Britain would do every*thing in its power to support* Yugoslav resistance to any intervention which threatened their independence.

Mrs. Thatcher also made it clear that she would like to see Spain become a member of "Most of us would welcome it. It would strengthen the defence of the free world. We are particularly anxious to have join with us those who hitherto have had quite strong Communist parties."

Mr. Frank Allaun (Lab., Salford East) *condemned* the Soviet action in Afghanistan but said any Russian offer of arms reduction should be put to the test *before* theatre nuclear weapons were installed in Britain and Western Europe.

Mrs. Thatcher told him that events in Afghanistan had "fully justified the stand that this Government has taken on defence and our determination to see that we always negotiate from strength." She added, however, that Britain was always willing to negotiate genuine arms control.

From the Conservative benches **Mr. John Stokes** (Halesowen and Stourbridge) asked if in the light of the Soviet aggression in Afghanistan the Government would adopt further re-armament measures despite Britain's economic difficulties.

The Prime Minister replied: "I think we are doing as much as we possibly can at the moment. We have undertaken to increase defence expenditure by 3 per cent for this year. We must also give attention to to the importance of our economic position so that we can better defend our country in the future."

Earlier **Mr. Francis Pym**, Defence Secretary, said that the action in Afghanistan underlined the need for Britain and her allies to be strong in defence. It showed the kind of activities the Soviet Union was prepared to undertake given the opportunity.

He had never said that detente had ended but the Russian invasion would make people look with a rather different eye on the Soviet claims about detente.

"I think the SALT talks are pretty damaged as things stand today. That has to be recognised," he added.

Defending the NATO decision to install theatre nuclear weapons he said the Government was *acutely* aware that we faced a threat that was real in a way that was not before Christmas.

● The Government is planning *to build a special plant* at the Capenhurst works of British Nuclear Fuels to provide highly enriched uranium fuel for the Royal *Navy's nuclear* submarines, Mr. Pym, told the Commons.

He said the development of gas centrifuge technology allowed resumption of domestic production of the fuel. It had been obtained from the now outdated Capenhurst diffusion plant until 1963 and since then from the U.S. The plant should be in service by the mid-1980s.

Roger Taylor

GUIDED TOUR: *Sir Geoffrey Howe, the Chancellor (right), is shown round the Stock Exchange by Mr. Nicholas Goodison, the chairman*

Councils plan offensive

BY ELINOR GOODMAN

LEADERS OF the three main organisations representing local authorities in Britain were meeting last night to discuss a common strategy for opposing Government plans to give central government more power to curb town hall spending.

The Local Government and Land Bill was withdrawn from the Lords before Christmas after Opposition protests that its *financial and constitutional* implications were too great for it to be handled in this way.

It will reappear in the next fortnight minus 70 of its original clauses. But despite these modifications, it seems that **Mr. Michael Heseltine**, the Environment Secretary, has failed to appease the Conservative-controlled organisations who have been lobbying against the main provisions of the Bill *since the legislation was first* mooted.

Following discussions with the Environment Department, the organisations involved—the Association of Metropolitan Authorities, the Association of County Councils and the Association of District Councils—believe that the Government may have modified some detailed provisions for controlling capital spending but has not altered the substance of its proposals.

Nor, they fear, has the Government budged on the key issue of the unitary grant.

They believe that the clauses dropped will deal mostly with planning legislation. These could be reintroduced later in the Lords.

Mr. Heseltine has, however, had to scale down considerably his original 246-clause Bill. It was apparently made clear to him in Cabinet that the original Bill was too cumbersome a piece of legislation to get through Parliament in a crowded session.

Mr. Roy Hattersley, shadow Environment Secretary, says the shadow Cabinet will not condone local authorities who break the law by overspending

Foot questions steel figures

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Government's continued *refusal to intervene in the steel* strike provoked a clash in the Commons yesterday between **Mrs. Margaret Thatcher** and ***Mr. Michael Foot**, the deputy* Leader of the Labour Party.

Mr. Foot wanted to know how long the country would have to tolerate the *Prime Minister's* "obstinacy" in leaving the dispute to the British Steel Corporation and the Iron and *Steel Trade Confederation*.

Mr. Foot, who was standing in for Mr. Callaghan during Prime Minister's question time, doubted the productivity and earnings figures given to the House on Mnoday by Sir Keith **Joseph**, the Industry Secretary.

He asked *how* long Mrs. Thatcher intended to go on refusing to meet the leaders of the steel unions to hear their *side of the case*.

Mrs. Thatcher told him that most of the steel figures given in the House came from the report of the sector working party, published on Monday and signed by the union leaders.

Retorted Mr. Foot: "If you *are so confident that the figures* are correct, why are you so afraid to meet the leaders of the unions concerned?"

Snapped Mrs. Thatcher: "I am not afraid to meet the leaders of the trade union movement or the leaders of any *movement. Unlike you, I assume* that the trade union leaders are able to speak for themselves."

Mr. David Stoddart (Lab., *Swindon*) *accused her of* "capricious negligence" over the steel dispute.

But Mrs. Thatcher replied *that the taxpayer* had been very generous to the steel industry. The question to ask was whether people whose incomes were *lower than those of steel* workers should rightly be asked to subsidise the corporation further on top of the £450m that *the Government was making* available to the corporation next year.

Rees ponders NI options

BY JAMES McDONALD

SUCCESS in Northern Ireland will come only when the people there govern themselves, said **Mr. Merlyn Rees**, Northern Ireland Secretary, in the Labour Government from 1974 to 1976.

"The Stormont constitution did not work and we will have to find something to replace it. The concept involved in 1922, however, was the right one," he told the Royal Institute of Public Administration in London last night.

"Direct rule can only be *temporary. Its limitation is* seen at times of constitutional crisis.

"I found in 1974 politicians who passionately wished to be part of the UK but equally passionately did not accept the logic of the political arithmetic involved in 12 seats (or 17) out of 635.

"The aim must be to return to devolved government in Belfast with the participation of both sides of the community," said Mr. Rees.

This will not be easy as the *last decade has shown*. There is no blueprint or plan to work from and all the time there is the Provisional IRA.

"*We have come a long way* from civil rights. Violence for the sake of it has become the order of the day. Under direct rule or devolved government, this violence must be contained. It will be only defeated with the full co-operation of the Republic."

Speaking of his two years as Secretary of State for Northern Ireland, Mr. Rees said that before direct rule "there was no doubt in my mind that the weakest department was that of Home Affairs.

"Its long-term planning, its 'control' of the Royal Ulster Constabulary, was poor. There was far too much political control of the police.

"I took a conscious decision—as I feel sure did my predecessor—to free the police from *political control. This does not* mean that a Secretary of State should disengage from the RUC. Day-to-day involvement with the police *in Northern Ireland* does not mean political control.

"There was, and is, a need to help with obtaining the acceptance of the police by both communities. In this respect a developing role for the police authority is important."

Proposals on ethyl alcohol attacked

By Elinor Goodman

EEC PROPOSALS to create a common marketing regime for the ethyl alcohol products or agricultural origin were attacked yesterday by the Lords European Community committee.

Britain would, however, be a net beneficiary of the proposed scheme.

The committee concluded in a report published yesterday that the scheme would *not control the root problem* of surplus production. It would mean, in practice, an extension of the Common *Agricultural Policy into non*-agricultural sectors.

Moreover, the committee concluded, it could result in the "needless" subsidy of certain alcoholic drinks, such as fruit brandies.

The regime proposed, it says, would give special protection to alcohol products of agricultural origin and create "*reserved*" sectors in which only alcohol of agricultural origin could be used.

This, the report says, would take markets away from synthetic agricultural producers who would be unable to match open-ended subsidy available on agricultural alcohol.

However, the UK Scotch *whisky would receive around* £21m a year in production refunds, while contributing only around £15m a year.

● **FOOD AID**: More than half the 5,000 tonnes of rice bought on *Britain's behalf* by the World Food Programme for Cambodians will be distributed among refugees in the *Thai-Cambodian border* areas. The rest has been sent to Kompong Som or Phnom Penh, Mr. Neil Marten, Overseas Development Minister, told the Commons yesterday.

● **FEWER VOLUNTEERS**: The Police Advisory Board is to set up a working party to investigate ways of halting the decline in the numbers of upaid special constables, Home Office Minister Lord Belstead told the Lords.

●**NUCLEAR RISKS**: 52 workers were involved in 11 incidents at Windscale last year, in which personal contamination of intake of radioactive substances was *suspected*, Mr. Norman Lamont, Energy Under Secretary, told the Commons.

●**HOLIDAY QUOTA**: The Government is to discuss selection of public holidays *for Christmas and New Year*. Mr. Patrick Mayhew, Employment Under Secretary, said the Government would have *to declare alternative week*day holidays over Christmas and New Year for public holidays falling on weekends.

● **NO TORTURE**: Torture is not included in the training of service personnel at intelligence centres. But Defence Under-Secretary Barney Hayhoe told MPs: "Certainly, there is a degree of physical hardship and mental stress." Courses took place under medical supervision and there were plenty of volunteers to train in the techniques of resisting violent questioning.

Manual workers in civil engineering submit claim

BY NICK GARNETT, LABOUR STAFF

UNION NEGOTIATORS yesterday submitted a pay and conditions claim for manual workers in the civil engineering industry. It is thought to follow most of the submissions made by the *Transport and General Workers'* Union national committee *for* the industry.

The general pay element is thought to include a demand for significant increases in basic rates with full consolidation of outstanding pay supplements.

This *is in* line with the attitude of negotiators for the Union of Construction, Allied Trades and Technicians, who did not want a specific figure included in the claim.

The unions' submission to employers, however, is thought to contain a reference to a new rate of £3 an hour. The Transport Workers had included a new target figure of £3 an hour for craftsmen with pro rata rises for other grades.

The claim also includes an extra week's summer holiday *and significant improvements in* sick pay, together with higher shift premiums and "plus rates" and a 35 hour week.

It is also believed to contain a provision that severance and redundancy payments should be linked to local arrangements on working hours.

The unions, which also include the General and Municipal Workers' Union, are seeking higher travel and subsistence allowances and the establishment of a pensions scheme. They want occupational and health service provisions to be generally improved, together with general site facilities.

Union officials will almost certainly want to discuss the removal of what they say are a form of penalty clause on pay imposed by some employers.

This refers to *cases* where the unions say employers do not pay bonuses when employees have failed to work for the full 40-hour standard week.

In an attempt to combat absenteeism, employers sometimes *cut holiday* pay if men fail to turn up for work on days immediately preceding and following statutory holidays.

The claim was submitted yesterday to the civil engineering construction conciliation board. The employers are expected to respond in late February with a settlement due in the summer.

London dockers' strike affects 19 ships

BY GARETH GRIFFITHS, LABOUR STAFF

DOCKERS in London's enclosed docks went on a one-day unofficial strike over pay yesterday which halted *work* and affected 19 ships. It could be the first of a series of lightning stoppages.

The unofficial action involved about 3,500 Transport and General Workers' Union *men*. Members of the much smaller National Amalgamated Stevedores and Dockers union turned *up for work but refused to do* other people's jobs, bringing work to a standstill.

A London enclosed docks employers' association spokesman said last night that the strike was called before pay discussions had been completed. He *said the "irresponsible"* attitude could lead only to further decline in shipping traffic and more job losses.

The Port of London Authority, the main enclosed docks employer, is technically insolvent and has offered the two unions pay increases of 10 per cent—and a further 2 per cent in return for productivity agreements. These would mean a reduction in manning levels by 500 men.

The PLA is already behind with its planned manpower reductions this year and has told *the unoins it cannot afford* to pay more.

Talks between the employers and the unions were held yesterday and will be resumed tomorrow. Both sides are keen on a quick settlement. The settlement date for the agree*ment is January 1*.

The employers estimate the transport union claim to be worth about 40 per cent, *although the union put the cost* at 30 per cent. The stevedores and dockers' union has tabled a claim worth about 30 per cent, *according to the employers*.

The claims also include reopener clauses linked to the retail pricei ndex and an extra *week's holiday to bring the* annual entitlement to five weeks.

One of the main aims of this *year's negotiations, according* to the employers, is to shift the emphasis of the settlement to increasing differentials between *the five docker grades*. The 900 riverside dockers who traditionally settle in line with the enclosed docks have already been offered *10 per cent* on pay and 1.7 per cent on bonus payments and their talks are due to resume next week.

TGWU fights plan for contract cleaning

BY OUR LABOUR STAFF

THE TRANSPORT and General Workers' Union is urging its Civil Service members to resist the introduction of contract cleaning in Government departments, which, it claims, will lead to the loss of 15,000 jobs.

The TGWU, the largest union representing Government blue-collar staff, is circulating instructions on how to deal with the introduction of contract cleaning. The union said that Government establishments were asking for tenders from private companies.

The circular says: "The result of contracting the cleaning out will be a reduction of 15,000 jobs in the industrial Civil Service." The union says the reduction is part of the Government's announced intention to cut 40,000 Civil Service jobs.

Mr. Mick Martin, TGWU public services' national secretary, advises all stewards to oppose contract cleaning through the present consultative machinery with local managements. If that fails, stewards are to ensure that contractors are paying the same wages as those in the Civil Service.

The union also instructs its members not to work with contract cleaners who are not TGWU members or do not have an agreement with the union. The union is concerned about the use of outside labour in an industry it says has particularly low levels of unionisation.

Mr. Martin said: "As other studies are under way which will affect other areas of employment in the near future, it is important that we effectively oppose the contracting of cleaning, as if we win this one we will win them all."

The Civil Service Department said that every department was under an obligation to use the most economical cleaning method possible.

● Unions representing white-collar civil servants are due to hold the first preliminary negotiations today with the Civil Service Department on the comparability findings of the independent Pay Research Unit, which determines the level of increase due for staff.

The two largest unions will begin holding members' meetings next week on the PRU findings, which support expectations of increases of 17-18 per cent.

Derek Robinson may appear at union inquiry

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. DEREK ROBINSON, the BL Longbridge shop steward *who lost his job for allegedly* underminimg the company's recovery plan, may give evidence this week to the union *inquiry into his dismissal*.

The inquiry, set up by the Amalgamated Union of Engineering Workers' executive, will meet in Birmingham on Friday in what is likely to be the final session before the inquiry team prepares its report for the full executive. In view of the amount of evidence the team has already collected, however, it appears improbable that its report will be ready for the next meeting of the executive on Tuesday.

The AUEW executive drew back from authorising strike action when Mr. Robinson lost his job. But it has said that it is prepared for an official dispute if the inquiry finds that *he was unfairly dismissed*.

Some AUEW branches were angered by the executive's failure to call an immediate *strike in Mr. Robinson's support*, particularly as the Transport and General Workers' Union authorised official action.

More than 350 branches have apparently written to the union's head office criticising the executive's handling of the issue. Almost half of those branches demanded the removal of the executive from office and fresh elections. But Mr. Terry Duffy, AUEW president, said that the number of branches supporting the demand was only *about half of the total* required by rule for removal of the executive.

Industrial writers' award judges

TWO MEMBERS of Labour's Shadow Cabinet have joined the panel of judges for this year's £4,000 Blue Circle awards for industrial journalism.

They are Mr. Eric Varley, Shadow Employment Secretary, and Mr. William Rodgers, Shadow Defence Minister. The chairman of the judges' panel, administered by the British Institute of Management, is Sir Peter Masefield, former chair*man of the British Airports* Authority. Other members include Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers.

Council workers vote for pay deal

By Our Labour Staff

LOCAL AUTHORITY employers have virtually clinched acceptance of a pay offer worth about 14 per cent after a ballot of council manual workers in the Transport and General Workers' Union yesterday showed overwhelming approval for the offer.

The General and Municipal Workers' Union has already declared its formal acceptance of the pay package, and the executive of the third union involved, the National Union of Public Employees is expected to announce its agreement today before a final acceptance by all three unions tomorrow.

Mr. Mick Martin, public services' *national* secretary *of* the TGWU, said yesterday that the union's ballot of its members working for the local authorities had *showed a very substantial* majority in favour of accepting the deal.

The deal raises present basic rates from *£47.28-£56.87* to £53.07-£64, and improves holiday entitlements, shift and split duty pay and plus rates.

Further increases will be provided in April from the second stage of the Clegg comparability award, which will take the new consolidated basic rate to £54.45-£68.91.

Though the offer is on the face of it within the 13½ per cent provided in the Rate Support Grant last November to cover pay and price increases for the local authorities, and within the broad guidelines laid down by the Cabinet for public service pay increases, some union officials believe that the real size of the offer could be rather more than 14 per cent.

Even as it stands, the deal when *accepted* seems likely to present local authorities with the difficult choice of further rate increases or further manpower reductions. The employers made it clear when they originally tabled the offer that it exceeded the pay element in the *cash limits* for councils by about 4 per cent, or £80m.

The unions involved are likely to be satisfied with similar offers *for 250,000* health service ancillary workers and 17,000 ambulancemen. The ancillary staffs are expecting an offer in reply *to their "substantial"* claim on Friday.

Container plant dispute likely to end

A FIVE-MONTH strike, which has halted production at Adamson Containers plant at Reddish, Greater Manchester, for the past five months, could end this weekend.

A mass meeting of the strikers today will hear the result of talks in London between union officials and top management of the Acrow group, which owns the £4m factory. Acrow said afterwards that a formula had been reached for a full resumption of work.

EMI to merge record activities

By Arthur Sandles

EMI, recently acquired by Thorn, is dissolving the licensed repertoire division of its record activities and merging the work with other divisions.

The division handles a range of indipendent labels, such as Motown, Stax, MAM and Island. It was set up early in 1977 to deal with a boom in indepen*dent production companies* which needed EMI expertise in manufacture, marketing and distribution.

Most of the work will go to Liberty-Island Records, a wholly owned EMI subsidiary. Mr. Alan Kaupe, managing director of the division, has resigned.

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Indeed, it is at high speeds that the wind-cheating aerodynamic GTi has the effect of making seasoned motoring correspondents slip into superlatives.

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An important side issue of its aerodynamics is the ability of the CX GTi to remain remarkably unaffected by strong cross winds at high speeds on the motorway.

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Front-wheel drive and Citroen's unique self-levelling hydropneumatic suspension complete a road holding capability which is virtually impossible to rival, at any price.

This is all very reassuring but still leaves one worry which niggles at the minds of even the most experienced drivers: the possibility of a high-speed blow-out, which is liable to be final, even for the best of us.

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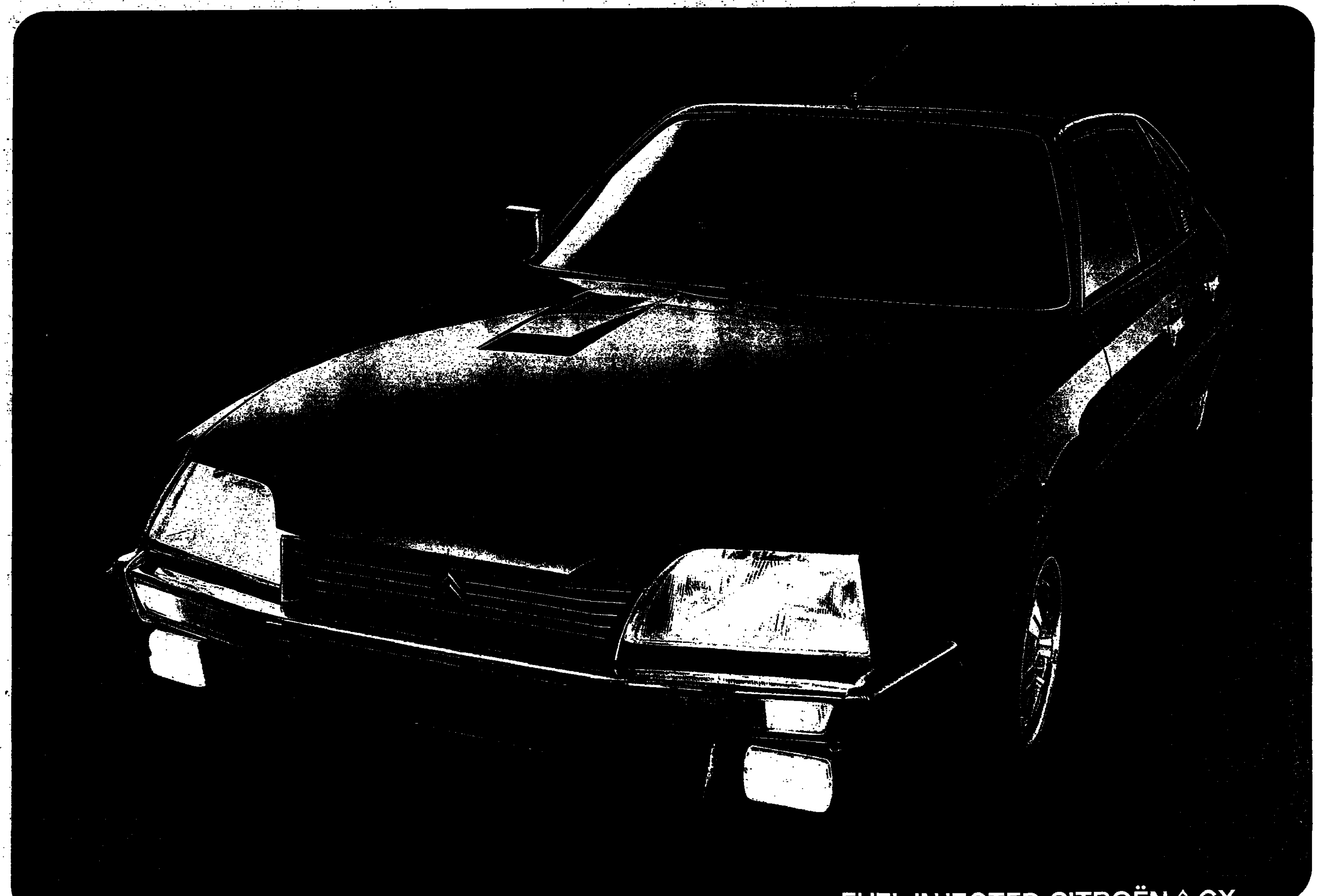

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FINANCIAL TIMES REPORT

Wednesday January 16 1980

COVENTRY

Coventry's close association with the motor car—for many years the fount of the city's prosperity—now leaves it severely exposed to the cutbacks announced by BL and other makers. Unhappily, its concentrated engineering base leaves little scope for developing alternative employment sources.

Motor city under threat

By Arthur Smith

COVENTRY, CITY of the car workers, is suffering as the British motor industry crumbles. Sir Michael Edwardes, chairman of BL, has decided to halt car assembly at the Triumph factory, Canley, with the loss of around 6,000 jobs.

Talbot UK, formerly Chrysler and before that Rootes with famous marques such as Humber, Singer and Hillman, is now owned by PSA Peugeot-Citroen of France. Workers at the Ryton assembly factory know they have to achieve consistently higher productivity to avoid closure, while around 40 per cent of the more than 4,000-strong labour force at the nearby Stoke engine plant is dependent upon a £100m-a-year contract to supply components to Iran.

But for Coventry it is not just the big names of the car industry that have been hit. Despite hefty injections of State cash, Alfred Herbert, once a world leader in the machine tool industry, is considering proposals to sell parts of the business to alleviate its latest financial problems.

The Meriden motorcycle co-operative, the most celebrated of the worker-owned ventures set up by Mr. Anthony Wedgwood Benn, is also struggling for survival. Mr. Geoffrey Robinson, Labour MP for Coventry NW, who has taken executive control of the enterprise, insists that a tie-up with a foreign company could solve the immediate financial problems. But the price would inevitably mean the sinking of the co-operative ideal.

True, the level of jobless in the city has fallen in each of the past five months with the result that by December adult unemployment had dropped from 6 per cent to 5.6 per cent. Over the same period unemployment in the West Midlands as a whole remained steady at 5.3 per cent while the national level rose from 5.2 to 5.4 per cent. But the favourable trend for Coventry, which has become accustomed to unemployment well above the national average, is seen merely as a delayed response to the upturn in the national economy during 1978.

Entering

The city is entering the latest recession with the motor industry in such poor shape that there is widespread expectation unemployment will climb from the present 11,522 to hit a new peak either by the end of this year or the middle of 1981. The previous record of more than 16,700 was set in 1976 in the wake of the financial problems at BL, Chrysler, Alfred Herbert and Meriden. Traumatic as the experience of that year was, much worse is expected this time round.

Though it was in the prosperous 1950s and 1960s that Coventry gained its reputation as the home of Britain's car industry, the city has grown more dependent on this sector over the past decade. Whereas in 1960 37.5 per cent of manufacturing employment was in the motor industry, the proportion had increased to 43 per cent by 1976.

But the ascendancy of the motor industry as an employer is attributable not to its success but to the general decline of the manufacturing sector; some 21,000 jobs were lost in the 10 years to 1976. The full consequence of such a rundown dawns when it is realised that Coventry has around 57 per cent of its workers in manufacturing compared with a national average of 32 per cent. While employment was on a continuously rising trend in the 15 years from 1951, when the number of jobs increased from 161,000 to 211,000, 1966 proved a turning point. The balance of payments problems of that year and consequent credit squeeze, plus hire purchase restrictions, helped precipitate a shake-out in the car industry with large-scale redundancies at British Motor Corporation, Rootes and Dunlop.

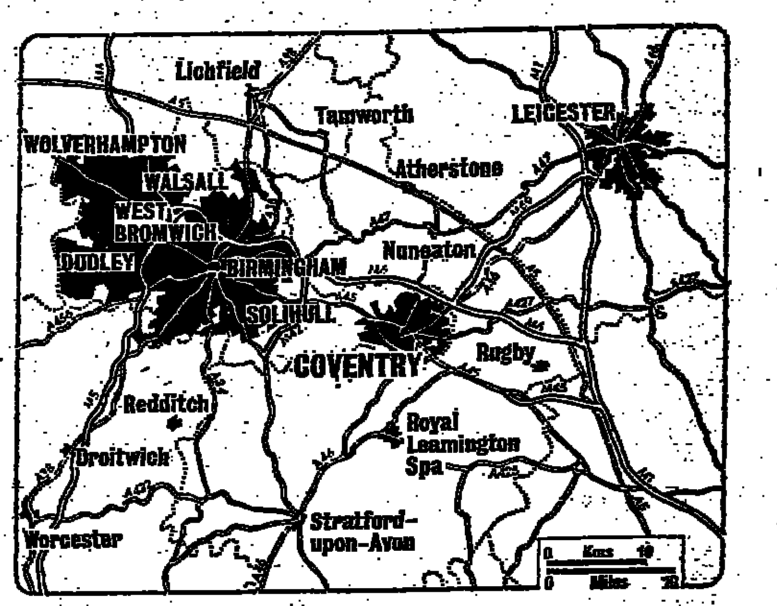
It was also during the 1960s that Coventry's second largest industry, aerospace, contracted dramatically with a series of closures which included Armstrong Whitworth and Hawker Siddeley. Employment slumped from 30,000 in 1960 to only 10,000 by 1973 as work was shifted from Coventry to other parts of the country.

Rolls-Royce, which recently won orders for its factories at Parkside, Coventry, and at nearby Ansty, provides one of the few bright spots in the local economy, but the importance of the aerospace sector is relatively minor by comparison with two decades ago.

The oil crisis of 1973, which had cut UK car sales nearly 30 per cent to 1.2m units by 1975, heralded another downturn for the Coventry economy. Chrysler shed 4,800 workers, Jaguar nearly 1,000 and Triumph 450, while GEC declared 1,200 redundancies and Alfred Herbert 700.

Forecasters anticipate a sharp slide in UK demand for cars this year. According to the Society of Motor Manufacturers and Traders, sales are likely to be down to at best 1.5m compared with the record of around 1.7m achieved in 1979.

But even without the gloomy projections, car assembly in Coventry was under threat. Sir Michael Edwardes had already decided that Canley was dispensable under his rationalisation plan involving plant closures and more than 25,000 redundancies.



The demise is the greater to the extent that Canley in the early 1960s was one of the most modern assembly facilities in Europe, producing models such as the Standard Vanguard, Triumph Herald and the TR4 at twice the present output. Starved of large-scale new investment, productivity levels and morale had fallen to make Canley one of the obvious candidates for closure.

Around 6,000 jobs are scheduled to go over the next 18 months with the phasing out of the Spitfire model at the end of this year and the Dolomite in 1981. Transfer of assembly of the TR7 sports car to Solihull, Birmingham is scheduled to start next March. Loss of the TR7, assembled in Liverpool before the closure of the Speke plant, is the lesser of two blows dealt to Canley. More disappointing was the decision by Sir Michael to switch assembly of the planned new Honda car to Cowley, Oxford.

Snatched

Within the past few months, Canley has seen its apparently secure future snatched away, reducing one of BL's prime assembly sites to an engineering facility with around 1,000 workers. Talks have already begun with the Coventry city council about how more than 60 acres of the present 110-acre site can best be made available to attract new industry to the city.

At Jaguar, which employs 5,500 at the Browns Lane factory and 2,500 at Radford, production throughout 1979 was held down to only around half the 650-a-week planned output. The main problem was at the Castle Bromwich works which supplies the painted body for the Jaguar. While restricted output has made it difficult for Jaguar to test the market fully, the model has an assured long-term future under plans to introduce engines of greater fuel-efficiency.

Uncertainty surrounds the future of two other BL operations within Coventry—Alvis and Coventry Climax. Both are believed to be on offer to the private sector as profitable enterprises which have suffered a spate of industrial relations problems. Alvis, the armoured vehicle supplier, employs 2,000 and Coventry Climax, the fork lift truck manufacturer, a similar number.

Second to BL, which employs more than 26,000 workers in Coventry, is Talbot UK, with nearly 10,000. Mr. George Turnbull, the Talbot chairman, who has made clear that the UK operation has only a year's grace to move from heavy losses into the black, warned the 2,000 workers at the Ryton assembly plant that failure to achieve productivity targets could mean closure.

While employees at Ryton, where the Alpine car is assembled, can use their initiative to safeguard jobs, workers at the nearby Stoke engine plant are more vulnerable. Disruption of the contract to supply car kits to Iran could put some 2,000 jobs at risk.

Sharp decline in job vacancies

COVENTRY continues to suffer—like many other parts of the Midlands—from a level of unemployment higher than the national average. Yet until recently there has been a serious shortage of skilled workers to meet the labour needs of high technology industries.

The area has long prided itself on its advanced engineering industries, but it is clear that the erosion of differentials for the skilled workers and the attractions of better paid jobs outside the factory have led to the present problems.

Over the past year there has been some fluctuation in monthly unemployment but for most of the year it has been above both the national and West Midlands average.

In November last year the unemployed total was 12,025, 6 per cent of the working population compared with 6.2 per cent a year earlier.

Although youth unemployment in the area remains high at around 3,500, the upward trend of the past few years appears to have levelled out. A study carried out by Coventry City Council points out that most of the improvement over the past year has also been among young males.

It is now expected that unemployment in Coventry will follow the national trend and begin to rise as the recession begins to bite deeper during the coming year. Youth unemployment is not expected to fall below 3,000 during the winter months.

The council report points out that the employment prospects can be plotted in the vacancy statistics, which show a fall in the availability of jobs. The average level of vacancies in the three months before December showed a reduction of 13 per cent on the corresponding period last year and further falls are predicted.

Vacancies in the motor industry, which reached a peak in August, have now declined and there has been a similar pattern in engineering as a whole, with a sharp fall in vacancies since then. In the service industries there was a build up of vacancies until around the middle of the year, but these have declined rapidly in recent months.

Overall, the average level of vacancies in the three months to November shows a reduction of nearly a quarter on the average level for the previous three months. The reduction has applied across the industrial spectrum but has been particularly marked in the engineering and construction industries, where vacancies fell by 50 per cent between August and November.

Higher

The latest quarterly survey by the West Midlands regional group of chambers of commerce confirms the pattern by showing that there has been a sharp reduction in the recruitment plans of companies in the area. Even worse, it appeared that the number of companies expecting to decrease their labour forces in the final quarter of last year was slightly higher than the number expecting an increase.

In Coventry the situation was marginally better, with a net 10 per cent of respondents expecting increases in employment. But regionally and locally the results were the most pessimistic since those of early 1976.

The number of jobs which will be lost in the coming two years through the BL recovery plan and the cutbacks at its plants in the area will be difficult to replace, although much depends on the level of overall investment which can be attracted to the city. It is hoped that Government measures to reduce the regional investment incentives will have the affect of channelling more money into areas such as Coventry, but the investment outlook generally is giving little grounds for optimism.

There are, however, a few bright spots where increased employment seems likely. With the numbers employed nationally in the aerospace industry now rising quite substantially, it can be expected that Rolls-Royce's aero engine activities in Coventry will generate more jobs in future. Similarly, its industrial and marine division, which manufactures turbines for marine and industrial use, is experiencing strong demand for its products and there are plans to extend its manufacturing facilities at Anstey.

GEC has also had an encouraging performance recently, with sales up by 6.5 per cent in the first half of last year in real terms, and it is seeking 150 extra technicians locally as it builds up for production of the new advanced System X exchange.

The Coal Board is increasingly optimistic about the recently developed South Warwickshire coalfield which lies under the western side of Coventry. Total reserves could be as high as 1bn tonnes, of which 300m may be recoverable. Although development is some way off, the prospects for more jobs are good.

But with the exception of the coal project, these are all skilled jobs which will do little to drain the existing pool of unskilled unemployed, and in any case the numbers involved are likely to be fairly small.

Lorne Baring

Moves to lessen dependence on the big groups

DESPITE ITS delayed impact, most Coventry companies now appear to be feeling the onset of the economic recession—a situation which underlines the need for measures aimed at revitalising local industry, particularly through the agency of small and medium-sized concerns.

In industrial terms Coventry is an advanced area, where skills have traditionally been important to the development of the big companies which are the main local employers. These are chiefly manufacturers of cars, motor components, tractors, machine tools, telecommunications equipment and textiles.

The past five years have been difficult for many of these industries, however, and unemployment in Coventry has risen from less than 5,000 in 1973 to more than 12,000 in November last, only slightly better than in November 1978. Unless this trend is reversed it is estimated that the figure could rise to 25,000 in five years.

Counteract

It is becoming increasingly clear that unless some of these major industries can counteract unfavourable trends—some of which are admittedly difficult to control because of international factors—and also improve their productivity, prospects for Coventry are bleak.

The area remains and will continue to remain highly dependent on the motor industry, since a large proportion of the smaller companies are suppliers of materials and components and will live to a considerable extent in the shadow of its success or failure.

There are other sectors, however, which are showing encouraging signs of being able to exist independently. The machine tool industry, for instance, showed signs of recovery in the first half of last year with a 15 per cent increase in new orders and a 10 per cent rise in sales, but despite good order books the impact of the recession is now causing concern. First half results of Alfred Herbert showed a reduction in losses and a rise in sales to nearly £30m, but for the industry as a whole the high level of imports is still a problem.

The textile and man-made fibre industry has also suffered from imports of fibres from the U.S., where low feedstock prices and the dollar-sterling gap have given importers a strong advantage. However, Courtaulds, a major presence in the Coventry area, is to go ahead with plans to invest £100m in its current financial year, of which £1.3m will be spent in the region on extending output of material for carbon fibre production.

This follows investment of £2.3m on increasing production of carbon fibre itself at Coventry. The latest project is designed to meet growth in demand for this strong lightweight material. But because of a high degree of automation, it means only a few more new jobs.

In the higher technology industries whose operations affect Coventry, the outlook is somewhat better. Output of aerospace equipment has been stimulated by world demand for the new generation of quieter, more fuel-efficient aircraft and local industries have benefited.

As a result, employment in the industry is now rising fast after falling since 1974 and the decision by Rolls-Royce to adapt its RB-211 engine for use on the European Airbus should be a boost for the company's Coventry factory, which makes parts for the RB-211. Dunlop's new orders from aerospace companies will also contribute to local activity.

The other area of advanced technology in which Coventry is well represented is telecommunications, with GEC's local factories benefiting from an increase in Post Office purchasing last year. Other notable orders included one for payphones for Japan, and perhaps most significant for the long term, a £5m order for a long-distance optical fibre system. However exports during the year for the industry as a whole have been disappointing.

While the manufacture of high technology products is clearly an advantage to Coventry, there is a broad move to lessen the area's reliance on large companies which are prone to the vagaries of international markets, particularly when concentrated on a narrow range of products.

Considerable effort has been directed to boosting the activities of small and medium-sized companies, encouraging them to move away from being sub-contractors and materials suppliers into the manufacture of their own identifiable products. Coventry City Council has been in the forefront of this movement, encouraging the development of small factory units, guaranteeing bank loans to small companies, providing advisory services and generally assisting where possible.

It is pointed out that of around 180,000 people employed in the area, about half work for companies with fewer than 200 employees. These, it is felt, should not be too dependent on the larger companies for work. The council is also setting up what it describes as an "innovation centre" to encourage people with new ideas to put them forward, in the hope that they can lead to the production of new products.

While accepting the need for this kind of enthusiasm, many companies are pessimistic about the outlook for new products. They point out that with high interest rates and falling demand it is extremely difficult to launch a new product—which would be expensive to develop anyway.

Premises

Judging by the level of demand for new industrial premises the small company sector remains healthy, but much depends on the future competitiveness of the big companies. They in turn are carefully watching the level of pay settlements for the effect it will have on their own unit costs and on inflation generally.

It is estimated that wage increases in the area have been running at between 12 and 15 per cent on average, a fact disguised by the publicity given to larger settlements and even larger demands. But even that level of increase is way above many other countries, and will make exporting more difficult.

There is no evidence that Coventry has been deprived of investment compared with the rest of the country, and as a centre of industry it can only benefit from the Government decision to cut regional investment incentives.

There is no doubt that these incentives have in the past attracted investment away from industrial cities such as Coventry, which are more natural sites for new factories or enterprises than the more remote regions. But like other areas of the Midlands, the city and its industry are entering a period of uncertainty. Many traditionally successful industries are in the throes of problems which are likely to worsen with the recession.

It is therefore regarded as essential that the newer high technology activities taking place in both small and large companies should replace or augment any loss of jobs or output experienced. This need is clearly foreseen by responsible people in Coventry, but its implementation is far more difficult.

Lorne Barling

The modern way of finding a job: youngsters waiting to be interviewed (above) and adults in the Coventry Job Centre

Lively research centre

PROFILE: COURTAULDS

WHEN it is not doing more mundane things like running Britain's fourth largest chicken enterprise at Dungannon or furnishing the Meridien Hotel in Abu Dhabi, Courtaulds Coventry headquarters is apt to be found introducing high technology new fibres like carbon fibre or making synthetic carpet yarns emulate nature by "instructing" them, like wool, never to take it lying down.

Courtaulds research division employs nearly 1,100, of whom one in three are graduates. Most of them — around 800 — are spread around four laboratories on the Coventry site. Collectively, they represent one of the most powerful intellectual stimuli in British industry and a source of inspiration for a city hard hit by the misfortunes of the car and other engineering industries.

Courtaulds came to Coventry just after the turn of the century—well over 100 years after its first link with textiles was formed—to put new life into the decaying silk ribbon weaving industry. Its product was artificial silk, or viscose. Today this activity is covered by a laboratory devoted to viscose and synthetic fibres, including two of the newer ones—elastomeric Spanzelle, which helps to keep women in shape and is otherwise made into transmission belts, and carbon fibre.

Another laboratory concentrates on polyester, nylon, acrylic and acetate fibres. A third, possibly unique in UK industry, is a chemical engineering laboratory and the other is an engineering development department dealing with, among other things, the application of microprocessors to the control of processes like dyeing.

Of the 91 employed in chemical engineering 55 are graduates, and there are 36 graduates among the 67 employed in engineering development.

Most of the work in the fibre laboratories revolves around modifications to existing fibres. For instance, polyester, which started out as a straight continuous yarn for "lace" curtains has been changed four times in the past nine years. Now it can be textured, and the most recent innovation is to spin it like cotton for dresses and trousers. Another major development has been hollow yarns with a high moisture absorbancy for use in towels, nappies and sports wear. The variety of knitted or woven materials, colours and prints seems almost endless, and designed to satisfy the clamour for new and different fashions as much as to accommodate to the new high-speed looms.

The development of a new fibre is rare. A typical testing cycle is seven or eight years from the initial concept, through a number of versions and modifications before becoming an accepted material. As long again is likely to be needed for the full commercial take-up. A case in point is carbon fibre, of which Courtaulds at Coventry is the second largest producer in the world, selling to 25 countries including Japan, which takes a quarter of its output.

A £1m expansion programme is under way to match the 40 to 50 per cent annual increase in demand. A year ago output was 100 tonnes. This year it starts at 160 tonnes and by next Christmas it should be 250 tonnes. The bulk of demand comes from the aerospace industry for such items as helicopter blades and a growing variety of other components. The sports market is currently next, with general engineering a steadily growing third sector.

Shape

In another seven or eight years Coventry could well be offering attachments to garment-making machines that would shape fabrics into arms, for instance, thus eliminating cutting and waste—much as simpler garments like pullovers are made.

Another of the manifold activities on the Coventry site, and one to which a major proportion of research and development is committed, is to cheapen production by simplyfying the routes from raw materials like oil to finished products. Or it may be to improve the life; the wearability of Amtico floor tiles, for instance, has been doubled in the past five years

As its administrative offices as well as its R and D headquarters are in the City, Courtaulds finds in Coventry all the disciplines it needs for its complete factory building operations—a line it has been engaged in for many years, especially in Russia and Eastern Europe. This helps to explain its involvement with the Meridien Hotel; the chicken factory came through an acquisition.

In terms of industrial jobs Courtaulds is not in the big league of city employers; it has only one factory in the city, employing 1,200. But the £7m a year cost of the research and development departments and £1.5m a year capital expenditure are highly significant contributions in terms of the future of Coventry.

Peter Cartwright

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Less wear and tear in silos and chutes

DUE TO its highly abrasive action, grain has always created problems during handling. Silos and chutes have to be lined to avoid expensive structural repairs every few months. The choice of a suitable lining material is difficult, as many different criteria must be fulfilled. Not only must the material have good abrasion resistance, but it must also be capable of withstanding impact, resisting ingress of moisture and preferably have properties which reduce caking and freezing.

Over the years several alternatives have been tried and stainless steel has been used extensively. It gives good abrasion resistance, but because of its weight, a thin gauge is normally used and this needs to be renewed frequently. The area surrounding the chutes is also extremely noisy as steel does not deaden the sound. Relining chutes and silos is a long and involved process due to the nature of the material.

Hard elastomer polyurethane linings have also been used and have been very successful, but have proved expensive to install.

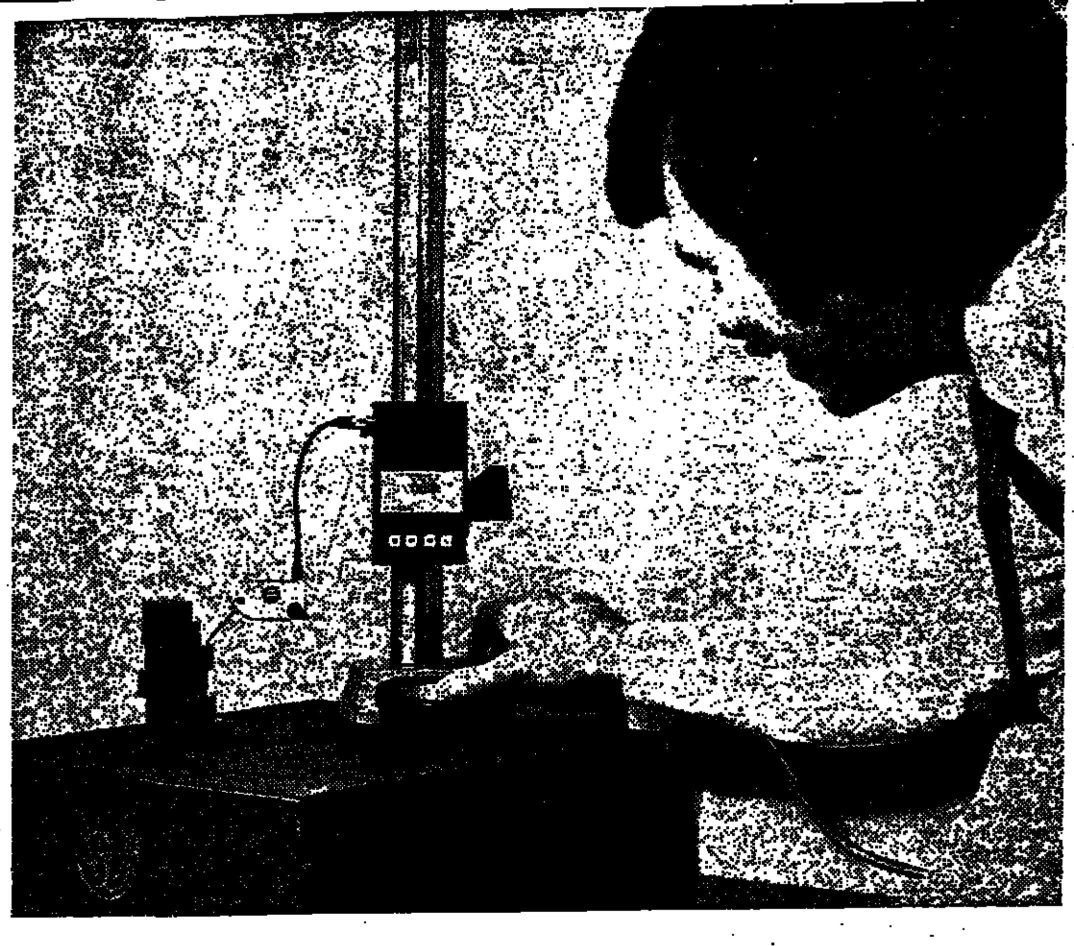
Recently, several American grain companies have changed to using ultra-high molecular weight polyethylene linings. They have found that the physical characteristics of the material are ideal—and it costs a lot less than polyurethane. It is supplied in sheets which are easily fitted to the chutes by drilling and pinning.

Highly resistant to abrasion, it outlasts stainless steel while being around one-ninth of the weight. A high impact strength combined with an extremely low coefficient of friction minimises damage and ensures an even flow of grain.

Movement of grain creates a build-up of static electricity which, in a dusty environment such as exists in the silos and chutes, is potentially very dangerous. To prevent this static build-up an anti-static grade of the polymer is produced.

Standard and anti-static ultra-high molecular weight polytheylene are available in the UK from Solidur Plastics of Brownhills, a wholly-owned subsidiary of a German company which produces 40 per cent of Europe's total output of this form of polyethylene.

Solidur operates from Maybrook Road, Brownhills, Walsall, West Midlands WS8 7DG. 05433 71971.



Imperial and metric readout is available at the touch of a switch with this height gauge, the Digit-Hite (made by TESA of Switzerland). It is intended for use by quality control inspectors and production *marking-out staff*. *Height* adjustment is by a coarse setting on the head and a fine adjustment by a thumb wheel at the base. Power is from batteries in the head which may be removed for charging or charged in situ. Sensing of the measuring points is indicated by a dial indicator or by a switching gauge head which locks the digital display when contact is made. It is claimed that this latter feature makes height measurement an almost unskilled operation. Measurements may be held in electronic memory at the touch of a button, which is convenient if the digital display happens to be facing away from the operator when working in confined conditions. Marketed in the UK by the TESA gauging division of Matchless Machines, Horsham, West Sussex, (0403 60271).

● COMPONENTS

Keyboard is operated by touch

AIMED at OEM applications, when environmental considerations are critical and conventional electromechanical keyboards would require special protection, an all-solid state alphanumeric keyboard — the TASA Model 55—is offered with touch-sensing operation.

The flat keyboard uses a new micro-proximity switching technology developed by California-based Touch Activated Switch Arrays (TASA). Instead of electromechanical keys, the keyboard has touch-activated sensor areas, with all electronic sensing circuitry hermetically sealed inside an ultra-thin (⅜") polycarbonate case.

This may be seen as a "next generation" man/machine interface for digital systems, eliminating the mechanical aspects of conventional keyboards.

Touch keyboards are particularly suited to applications where traffic is heavy, but maintenance must be minimal—such as marine, military, or security systems, or controls on heavy equipment.

Another important potential application is in medical and similar fields where equipment must be regularly decontaminated. As well as being physically robust, the TAS keyboard literally can be washed down with cleaning fluids.

Life expectancy of the keyboard is extremely high, as there are no moving parts, and no contact closures. It gives a full 8-bit, 128 position ASCII output that can be connected directly into a system's data bus.

A built-in voltage regulator is incorporated in the keyboard, which draws a maximum current of 25mA from any 15V to 25V power supply. Physical dimensions of the unit are 15 in by 6½ in by ⅜ in. For applications where a free-standing keyboard is required, a lightweight base is available.

Walmore Electronics, 11-15 Betterton Street, London WC2H 9BS.

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● TEXTILES

Gives greater control of humidity

IN MOST industrial drying, control of the process is continuously assured by sensors that measure, record and control humidity. In certain instances, however, these sensors can be made ineffective by contaminants. This is particularly so in textile processing.

An approach to the solution of the problem is provided by a new piece of equipment which is applicable either to batch or to continuous drying, as it measures the humidity of exhaust from the drier.

The Texicon humidity monitor, marketed by Samuel Bradley (Machinery Sales), The Precinct, Castle Street, Stockport SK3 9AL. Tel. 061-477 0909, has been in use for some time in the U.S. where, it is reported, it has enabled certain mills to make as much as 33 per cent savings in energy consumption.

In addition to this, the monitor aids in more accurately controlling the chemistry and rate of reaction in certain textile processes as in high temperature drying, and this results in improved quality and better uniformity in the finished products.

The Texicon humidity controller is suitable for temperatures up to 260C (500F) and it can either be used as a hand-held piece of equipment or built in a range for fully automatic operation.

In earlier systems it was necessary to compare dry-bulb with wet-bulb temperatures, but this posed the problems of the wet bulb wick drying out and becoming contaminated, but with the new system the wick is being moved continuously and automatically so that it cannot be dried out nor become contaminated. It is this which ensures that it provides a constant and accurate humidity value of the atmosphere it is measuring.

Normally it requires in an oven an average of some 2,000 btu's to dry one pound of fabric, or 1,100 Kcal/kg. With the new *system of humidity* measurement and control this figure can be reduced to 1,200 BTUs/lb or 660 Kcal/kg. Assuming a drying stenter is running at 50 metres/minute, this could represent a saving of 1,100 lbs (450 kg) per hour.

● COMPUTERS

More competition

FRESH challenge in the big computer arena from National Advanced Systems is with three general-purpose computers aimed at the middle and upper end of IBM's 303X Series.

Advanced Systems 7000 family processors are manufactured by Hitachi and marketed under a recent agreement between Hitachi America and National Advanced Systems.

AS/700N is a two megabyte, six channel basic processor expandable to eight megabytes and eight channels. It has up to 2.2 times the throughput of the IBM 3031. AS/7000 is a system with approximately 1.2 times the throughput of the IBM 3032.

AS/7000 DPC is a dual processor complex, with throughput equivalent to the IBM 3033. It can be ordered as a four megabyte, eight-chanel basic complex from National or be field upgraded from the AS/7000.

These machines are largely intended as an answer to the IBM "N" modifications of the 303X series announced before Christmas.

In Europe, the price/performance of the family shows an average 25 per cent improvement over the newly-announced IBM 3033N, the company asserts.

National Advanced Systems, Bowater House, 68 Knightsbridge, London SW1X 7LN. 01-584 5050.

● PACKAGING

New range of plastic bottles

METAL BOX is the first UK company to manufacture two-litre polyethylene terepthalate (PET) bottles in commercial quantities for the retail trade.

This new development for carbonated soft drinks is being used to pack three well-known lines and the lightweight bottles involved are made at Metal Box's plastics factory at Wrexham, North Wales. A short skirt aluminium roll-on closure made at Metal Box's Carlisle general line factory is used and there is a grip on the standard neck of the bottle so it can be carried with two fingers.

The two-litre bottle meets the needs of the soft drink trade as it is designed to run on the same lines as the 1½-litre bottle with the minimum of change parts. The overall height of the bottle is the same as the 1½-litre but the diameter has been increased.

Market trials have proved that carbonation is held throughout the expected shelf-life of the product and is kept to an acceptable level while the drink is being consumed. The strength of PET means few breakages during filling, distribution and retailing and the bottles are safe to use in the home.

PET is approved by the Food and Drugs Administration of the United States for beverage use.

More details from Queens House, Forbury Road, Reading RG1 3JH. 0734 581177.

● CONFERENCES

Producing pure water

SUPPLIES OF ultra clean water are especially necessary for medical and pharmaceutical techniques, as well as a number of industrial processes, and the importance of "High Purity Water Systems" (and how they can be installed) will be the subject of an all-day meeting of the Filtration Society on Tuesday, February 26, at the Bloomsbury Centre Hotel, Coram Street, London WC1.

Registration fee for the day, inclusive of coffee and a three-course luncheon, is £10.00 (£20 for non-members) and registrations should be sent to the Society at 1, Katharine Street, Croydon, CR9 1LB.

Porous plastic tubes

UNDER A licensing agreement with Electra Plastics, an Israeli company, Flowtech Fluid Handling, of Deacon Way, Reading, Berks RG3 6AZ (0734 580567) is to produce a range of porous plastic tubes.

Flowtech says the tubes can be manufactured to almost any length in various thermoplastic materials including polyethylene, polypropylene and polyamides offering a wide range of porosities (1 to 30 microns). The tubing can be used to form the basis of a wide range of filters, liquid concentrators, gas diffusers and aerators.

Filtration applications include water clarification and pre-filtration, filtration of metal hydroxides and waste water, removal and washing of suspended solids and concentration of juices and extracts. Aerators and gas diffusers can be used for aeration and oxygenation of waste water, polluted streams and industrial effluents and other processes.

High speed coil winding

MINIATURE coils wound with several thousand turns of very fine wire such as may be used in computer equipment can be produced on a new machine by Rotawinder that produces them at 45,000 rpm—three times as fast as standard machines.

This very high winding speed is made possible by the use of a patented conical flier that reduces direction changes in the wire path to a minimum and protects the wire from wind and centrifugal force effects.

The coil does not rotate during winding—the wire is wrapped around it by the cone-shaped flier which has a hollow shaft through which the wire is drawn.

Each coil is supported on one of two bobbin-shaped mandrels mounted on an indexing turret. The turns of the coil are bonded during winding by a hot air jet which melts the adhesive coating of the wire. The coils are thus self-supporting after winding and need no bobbin.

Each finished coil is indexed out of the winding position with its supply wire still attached. As the next mandrel reaches the winding position, the flier accelerates almost immediately to full speed. This high acceleration is as important as winding speed in achieving maximum production.

Ability to accelerate rapidly, without breaking the wire is due to the inertialess tension system used, and to highly polishing and anodising the supply reel container, which assists the passage of wire into the machine.

Easily used load cells

LOW PROFILE load cells from Strainstall, Denmark Road, Cowes, Isle of Wight (098 3295111) have simple centre and edge bolt fixings and can conveniently be installed under tanks, silos, hoppers and weighbridges to provide contents indication by weight.

These cells can measure loads from two to 200 tonnes, and higher loads can be accommodated by installing more than one. Placement is simplified by the cells' low height, the 200-tonne version for instance being only six inches high.

Furthermore, by using the square-beam principle to measure shear force, the units have low sensitivity to end loads and misaligned applied loads. The bolt fixing allows them to be solidly built into a structure.

Accuracy and long life are unaffected by tough environments claims the company, the cells having ben developed from units installed beneath concrete structures in the North Sea. There they were used to check equalisation of loads as platforms were lowered on to the sea bed.

CONTRACTS AND TENDERS

BRAZIL

COMPANHIA HIDRO ELETRICA DO SAO FRANCISCO (CHESF)

ENERGY MANAGEMENT SYSTEM

Centrais Electricas Brasileiras S/A (Eletrobras) is applying for a loan from the World Bank, part of which is intended for financing the cost of an Energy Management System (EMS) for the supervision and control of the operation of CHESF's electric power system. This EMS will be located at CHESF's system operating centre in Recife.

About the end February 1980, CHESF intends to issue official bid invitations and specifications covering the supply of all hardware, software system integration services and training necessary to provide a completely operational system including remote terminal units, computer peripherals, man-machine interface teleprocessing interface, support software and applications software. The EMS system shall support remote consoles to be located at CHESF's five (5) regional operations centres as well as a computer-to-computer communication link with the Brazilian national supervision and co-ordination centre computer facilities.

The EMS system functions will include forecasting and scheduling study mode and real-time security assessment, system monitoring. Supervisory control, automatic generation control, voltage scheduling, energy accounting and operations anaylsis, recording and reporting. The CHESF present installed capacity is about 3000 MW (90 per cent hydro-electric) and is expected to increase to about [illegible]000 MW by 1986, the system will then have transmission at [illegible]00/230/138 KV.

Prospective bidders from member countries of the IBRD or Switzerland are invited to indicate in writing their desire to be included in a mailing list to receive, at the time of the issue of the bid documentation, an official invitation to participate in the bidding. Letters shall be addressed to:

Companha Hidro Eletrica do Sao Francisco — CHESF
Diretoria de Suprimento
Departamento de Compras e Contratacoes
Divisao de Aquisicoes Especiais
Rua Dr. Elphego Jorge de Souza, 333
50.000 — Recife — PE
Brasil

The bid documentation will be only available at the above mentioned address at a cost of U.S.$200.00.

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telex 25 185 MELIS CH

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LEGAL NOTICES

THE COMPANIES ACTS 1948 to 1976
MAJOR FABRICATIONS LIMITED
Formerly E.J. Progressive Fabrications Limited
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of
LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA,
on Wednesday, the 23rd day of January 1980, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 8th day of January, 1980.
By Order of the Board.
E. WOOLLETT, Director.

THE COMPANIES ACTS 1948 to 1967
BELLORDS LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of
LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA,
on Friday, the 25th day of January, 1980, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 8th day of January, 1980.
By Order of the Board.
M. BOHRER, Director.

COMPANY NOTICES

SWEDISH STATE HOLDING COMPANY
(Statsföretag Aktiebolag)
9¼% 1975/1985 UA 20,000,000
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Outstanding amount: UA 20,000,000.
THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise
Luxembourg, January 15, 1980

KOMATSU FORKLIFT CO., LTD.
(CDRs)
Referring to the adverisement of September 5th, 1979 the undersigned announces that the new shares from 10% bonus have been received. As from 28th January, 1980 the new CDRs Komatsu Forklift Co. Ltd. cum.div.cp.no. 9 and Talon will be gratuitously obtainable at Kas-Associatie N.V., Spuistraat 172, Amsterdam, against delivery of the required div.cps.no. 7.
In Luxembourg div.cps.no. 7 can be delivered at Banque Générale du Luxembourg S.A. for this purpose. After March 26th, 1980 the equivalent of the CDRs which have not been claimed by the holders of div.cps.no. 7 will be sold.
The proceeds, after deduction of expenses, will be held in cash at the disposal of said holders.
Further the undersigned announces that as from January 28th, 1980 at Kas-Associatie N.V. in Amsterdam and at Banque Générale du Luxembourg S.A. in Luxembourg div.cp.no. 8 (accompanied by an "affidavit") of the CDRs Komatsu Forklift Co. Ltd. will be payable with U.S.$14.63 (div. per record-date 30.9.1979: gross Yen 4.-ps.h.) after deduction of 15% Japanese tax, is Yen 600.- = $2.58 per CDR.
Without an Affidavit 20% Japanese tax (= Yen 800.- = $3.44 per CDR) will be deducted.
After 30.4.1980 the dividend will only be paid under deduction of 20% Jap. tax with $13.77 per CDR, in accordance with the Japanes tax regulations.
Amsterdam, January 8th, 1980.
AMSTERDAM DEPOSITARY COMPANY N.V.

MURATA MANUFACTURING COMPANY LTD.
(CDRs)
The undersigned announces that as from 28th January 1980 at Kas-Associatie N.V., Spuistraat 172 in Amsterdam and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg div.cp. No. 7 (accompanied by an "Affidavit") on the CDRS Murata Mfg. Company Ltd., will be payable with $1.78 net per CDR, repr. 100 shs. and with $17.80 net per CDR, repr. 1,000 shs. (div. per record-date 20.9.1979: gross Yen 5.-p.sh.) after deduction of 15% Japanese tax = Yen 75.— = $—.31 per CDR, repr. 100 shs. and Yen 750.— = $3.10 per CDR repr. 1,000 shs.
Without an Affidavit 20% Jap. tax (= Yen 100.— = $—.42 per CDR, repr. 100 shs. and Yen 1,000.— = 4.20 per CDR repr. 1,000 shs.) will be deducted.
After 30.4.1980 the div. will only be paid under deduction of 20% Jap. tax with $1.67 net per CDR, repr. 100 shs and with $16.70 net per CDR repr. 1,000 shs. in accordance with the Japanese tax regulations.
Amsterdam, 7th January 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

CREDIT NATIONAL
Emprunt obligataire
U.S.$75,000,000 1978/88
à taux d'intérêt variable.
The rate of interest applicable for the six months period beginning on 11 January 1980 and set by the reference agent is 14 [illegible]% annually.

UNION DES BANQUES ARABES ET FRANCAISES
U.B.A.F.
Loan of U.S. $65,000,000
1980/1990 Floating Rates
Bondolders are hereby informed that coupon n° 1 will be payable on July 9, 1980 at the price of US$75.20 which is equal to 182 days' interest at the rate of 14⅞%.
The Fiscal Agent
CREDIT LYONNAIS-LUXEMBOURG

PRIVREDNA BANKA ZAGREB
US $ 25,000,000
Floating Rate Notes 1978 (85)
In accordance with the terms and conditions of the Notes, the rate of interest has been fixed at 15[illegible]% per annum for the interest period running from January 9, 1980, to July 8, 1980 (each day inclusive).
Coupon amount for each coupon: US$80.57 payable on July 9, 1980.

LEGAL NOTICES

No. 003457 of 1979
In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of YELVERTON INVESTMENTS LIMITED and in the Matter of The Companies Act, 1948.
NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 17th day of December 1979 confirming the reduction of the capital of the above-named Company from 500,000 to £71,000 and the cancellation of the Share Premium Account and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 20th day of December, 1979.
DATED this 3rd day of January, 1980.
JANNERS,
22 Upper Brook Street,
London W1Y 2HD.
Solicitors for the said Company.

THE COMPANIES ACTS 1948 to 1967
TOPPERS MAN'S SHOP (WEST END) LIMITED
NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 19th day of February 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors, if any, to
KEITH DAVID GOODMAN, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 8th day of January, 1980.
K. D. GOODMAN, Liquidator.

IN THE MATTER OF MADISON ARTISTS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 11th day of February, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned
PHILIP MONJACK, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 7th day of January, 1980.
P. MONJACK, Liquidator.

A FINANCIAL TIMES SURVEY
PUMPS AND VALVES
MARCH 13 1980

The Financial Times proposes to publish a Survey on Pumps and Valves on March 13, 1980, the provisional editorial synopsis is set out below:

INTRODUCTION Pumps and Valves are two important sectors of engineering, covering a great variety of products which provide an essential input to a number of industries. The introductory article will put these two sectors into a national and international context—their size in terms of sales and employment, their contribution to exports, their relationship with other sectors of engineering.

A GUIDE TO THE PRODUCTS A layman's guide to the principal types of product.

THE STRUCTURE OF THE INDUSTRY The structure of the pump and valve industries in the UK, Continental Europe, the US and Japan. The impact of mergers and take-overs, the financial performance of the principal companies.

WORLD TRADE Recent trends and the likely pattern of world trade over the next decade.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

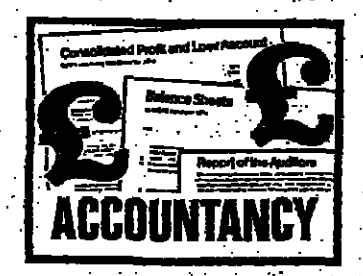
The contents, size and publication dates of Surveys published in the Financial Times are subject to change at the discretion of the Editor.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Is inflation accounting an academic confidence trick?

BY R. A. RAYMAN



AS WE stagger with eager anticipation into the 1980s, the Accounting Standards Committee is hard at work on yet another definitive system of accounting for inflation. The silly season of accountancy is upon us once again. And it brings with it a message of renewed hope and comfort to innocent sufferers from the affliction of a rapidly receding hairline: inflation accounting is a cure for baldnes.

It is quite simple really. During a period of rising prices, historical accounts become out of date and lose their significance. They fail to cure baldness. Adjusting them for inflation brings them up to date and restores their significance, thus curing the baldness.

It is true that nowhere in the long succession of professional recommendations, exposed drafts, accounting standards, and official reports is there actually any mention of cures for baldness. But this must surely be an oversight. For, in spite of the vast outpouring of literature on income measurement and asset valuation, the implication that inflation adjusted accounts will restore the reliable measurement of business performance rests on no stricter logic than do any claims for hair restoratives.

The essential fact for any outsider to grasp before he can hope to follow the intricacies of the great inflation accounting controversy is that the accountancy profession is divided into two tribes. The "backwoodsmen" are reactionaries with the irritating habit of asking impertinent questions like "what are inflation adjusted accounts actually supposed to mean?". The "inflation accounting experts" are progressives who, by virtue of much sophisticated argument, have so far managed to avoid giving an answer.

Perhaps they have good reason for keeping us all in the dark?

In the days before the leaders of the accountancy profession had clambered aboard the academic bandwagon in search of a bright new progressive modern image, the limitations of conventional accounts even during a period of price stability were made absolutely clear. In recommendations issued in the 1950s, warning was given that, while accounting figures were useful as symbols for tracing the flow of resources from acquisition to disposal in order to detect any misappropriation, they should not be misinterpreted as measures of performance or value.

It is a warning which perhaps bears repeating.

The conditions in which the accounting return is a reliable measure of the return on capital invested in a going concern are well known. Apart from coincidence, they are encountered only in the very special case of "perpetual repetition," where the same transactions are repeated indefinitely at constant prices and where neither the asset nor the financial structure ever varies. All accounting periods would be identical; every subsequent period would be an exact replica of the previous one; and a lot of accountants and managers would be out of a job.

Fortunately (for accountants and managers that is) change is regarded as a normal fact of business life. Indeed, so unlikely is the perpetual repetition of identical transactions against an unchanging background that, in the general case, the accounting return can be defined as the return which managers expect *not* to achieve on their investors' capital.

A torrent of literature continues to pour forth devoted to the complications introduced by such problems as fixed asset depreciation, stock valuation, overhead cost allocation, business uncertainty, and, of course, rising prices. It is one of the few areas of British industry that is actually thriving. This, presumably, is what is meant by "the accountant in a golden age."

What tends to be obscured is that the accounting return is not generally reliable, even where no assets are held other than cash, no expectations are unfulfilled, and there are no price changes of any kind. Except for coincidence, it is not an accurate measure of the return on capital invested in a going concern—unless precisely the same volume of business is repeated in every subsequent period and precisely the same cash surplus is distributed to investors.

For periods of above average activity, the accounting return is too high. For periods of below average activity, the accounting return is too low. In academic circles, this phenomenon is known as "the accountant's contribution to the trade cycle," and it is usually associated with the holding of stocks during a period of changing prices. But that rather confuses the issue. The phenomenon can also occur when no stocks are held and all prices are stable.

What is worse, the accounting return tends to under-rate expanding firms likely to benefit the economy, and to over-rate those which are in decline.

The volume of business certainly needs reporting, but it should be reflected in the figure of turnover, not in the return on capital. It may fairly be argued that periods of high activity make a greater contribution to the return on capital than do periods of low activity, but that is no reason for misreporting the return to which their contribution is made.

The snag, of course, is that an accurate measure of the return on capital invested in a going concern requires perfect foresight in predicting the future course of business. Yet, if the accounting return is employed in this role, then (even where derived exclusively from completed cash transactions) it is under a similar handicap. As with perfect foresight, it depends on the same old perpetual assumption. The only difference is that, whereas the return on capital is based on events which are expected to occur, the accounting return is normally based on events which are not.

Eyes shut

The inflation accounting experts are therefore quite right when they claim that adjusting accounts for inflation will restore their lost significance. What they omit to mention is that the restored significance includes unreliability as a measure of business performance.

The latest authorised version of Current Cost Acounting in ED24, for example, incorporates several refinements including a "monetary working capital adjustment" and a "gearing adjustment." The resulting CCA return is not more accurate as a measure of the return on capital which is actually expected. At best, it is simply a closer approximation (subject to a host of reservations) to the real return which would be expected from the indefinite repetition of the current period's transactions, if the existing asset structure (including the composition of the working capital) and the existing financial structure (including the gearing ratio) were never changed.

In normal circumstances, therefore, where change is accepted as a fact of business life, the inflation adjusted return, like its historical counterpart during a period of price stability, is an approximation to the return which is not expected to be achieved.

Accountants are well aware of all this and that is why the label "confidence trick" seems entirely justified. It is not that the inflation accounting experts *have failed to appreciate that* adjusting accounts for inflation cannot restore to them a significance which they never had in the first place—but that they know only too well. The real indictment is that they have deliberately chosen to shut their eyes to facts which might interfere with the practice of their expertise.

It is of vital importance to the community in the conduct of its economic activity that reliable information should be made available on the return being achieved on its resources. That is so, whether management is in the hands of private individuals, public companies, state corporations, or workers' co-operatives. (Adam Smith and Karl Marx would have been equally insistent.) It is part of the acountant's social responsibility to see that the appropriate information is forthcoming.

In its capacity as the hypothetical return, if current activities and current conditions were maintained indefinitely, the accounting return could have a useful role as a standard for comparison with the return calculated on the basis of the *activities and conditions actually* expected. Any divergence between the two would give some indication of the extent to which prevailing conditions were expected to change. The inflation adjusted return would then appear in its proper perspective—as a closer approxim*ation to the hypothetical* standard of comparison but not to the actual return itself.

During a period of "stagflation," it is likely that the CCA return would be considerably higher than the actually expected return. In the absence of relevant accounting information, an assessment is difficult to make. But it is probable that by the end of 1976 the annual losses of British industry and commerce were running comfortably ahead of the total tax revenue collected by central Government. It could well be that the hidden subsidisation of the private sector was far *greater than* the open *subsidisation* of the public sector. Yet the accountancy profession, largely in response to the clamour from its academic wing, seems committed to the type of accounting reform which, instead of bringing such facts dramatically to the attention of the general public, is designed to cover them up.

Thanks to the inflation accounting experts, the profession is persisting with a system for disclosing the return not expected to be achieved on the basis of decisions not expected to be taken in conditions not expected to be experienced. And the inflation accounting experts are very well aware of it.

Section 17 of the Theft Act, 1968, makes interesting reading: "Where a person dishonestly, with a view to gain for himself or another . . ., in furnishing information for any purpose produces . . . any account . . . which to his knowledge is or may be misleading, false or deceptive in a material particular; he shall, on conviction on indictment, be liable to imprisonment for a term not exceeding seven years."

It could give the "sabbatical" an entirely new meaning.

Mr. Rayman is a chartered accountant.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Removing a tenant

Nine years ago I allowed X to use a self contained part of business premises I own, without a lease, and by word of mouth, while he looked for more suitable premises. No rent has been paid for two years. I now want to sell the whole building with vacant possession. How can I, or the buyer, get X out?

It may well be the case that X has a business tenancy protected under Part II of the Landlord and Tenant Act 1954 if he did pay rent for the first six or seven years and used the premises for the purpose of a business carried on there by him. If so it would be wise to consult a solicitor, as it may be the case that neither the vendor nor the purchaser can get X out.

Trading profits

I am a partner in a firm of stockbrokers and in the past financial year I have made profits of £12,000 and losses of £4,000; to give a total capital gain of £8,000 on turnover of £450,000. This has been made in a total of 150 transactions, the majority of which were "closing" deals, i.e. in the account. As a partner, I am allowed to deal free of commission. If commission had been paid the profit would have been around £1,500 to £2,000. My firm's accountant has informed me that there is a possibility that the Inland Revenue may class me as a trader, i.e. the profits will be treated as income and subject to correspondingly higher rates of tax than the normal 30 per cent. However, I have several accountants as clients and two of these have said that this is very unlikely. Could you please let me know what in fact constitutes trading profits rather than capital gains profits, and how you believe the Inland Revenue will treat my profits?

We agree with all the accountants, that is we agree that there is a possibility but we agree that it is very unlikely.

On the bare facts given we should be most surprised if your inspector decided to assess you to income tax as a dealer in stocks and shares.

There is no short answer to the question "What constitutes trading:?" the standard works on taxation devote many pages to a discussion of this basic point.

Home-made lease

I want to renew the lease of a tenant of a shop I own and I understand that unless the tenant requests it, the lease need not be stamped. Is there anything to prevent me from typing the lease myself with the relevant points amended and so saving myself considerable solicitor's fees?

You can certainly type the lease yourself; but it must be stamped. Your copy, (the counter part) will only require a 50p stamp, but the tenants copy will require stamping according to the term and the rental.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Helping to win the Brussels lottery

"APPLICATIONS FOR grants from the EEC are a lottery. The important thing is to make sure they are technically correct so they don't fall down before they even get there." *So says Michael Fleury, one of* the founders of Eurogrants, a consultancy which specialises in helping companies get grants from Brussels.

With the exception of the largest companies. Fleury reckons many UK managements don't know their way around EEC corridors, don't know how to make applications, and often don't even know what grants they are eligible for.

While it is inevitable that a consultancy promoting its own skills at raising EEC finance is going to doubt the ability of companies to do it for themselves, it is certainly a particularly topical notion.

Since the debacle of the Dublin EEC summit in December, the British Government has changed the way it is going about trying to reduce Britain's £1bn deficit with the Community. Mrs. Thatcher's brinkmanship clearly failed: at the brink all that was offered was a rebate of £350m.

The Government is now seeking a "broad balance," trying to get more out of the EEC, rather than just concentrating on putting less in. To this end Sir Ian Gilmour, deputy Foreign Secretary, and Sir Geoffrey Howe, Chancellor of the Exchequer have launched a diplomatic campaign throughout the EEC capitals.

Bureaucratic

Of the many problems that companies face when seeking finance from the European community, Fleury believes the three main ones are: what to ask for: who to ask: and how actually to ask for it (how, in other words, to provide the sort of information needed by the bureaucratic mind).

On the first, he says that companies tend to go down one track and not look at other *areas which might also be* eligible for assistance, *such as* the Social Fund for retraining or the creation of new employment: both of which might apply in a new project. "Don't forget the Social Fund is much bigger than the Agricultural Fund."

Though it was only set up in June last year, Eurogrants is hoping to sell itself on its ability to present applications to the EEC. Its point is that once you have discovered what you are eligible for, and whom to ask, the application is crucial. "Bureaucrats, wherever they are, can't show a favour; they can only process an application . . . we want to give the application the best chance."

Fleury claims to be more familiar than most with the machinery of the EEC. So he should be, as former technical adviser to the UK delegation to the EEC on the FEOGA schemes (European Agricultural Guidance and Guarantee Fund), and as a senior accountant adviser to the Ministry of Agriculture.

Eurogranis has a minimum and maximum charging system based on whether or not it is successful in helping a company raise finance. It charges £250 to make an assessment and provide an action plan. There is a time charge for work on the application and an agreed fee if the application is successful.

Eurogrants claims it has already helped a major food manufacturer get a £650,000 grant towards a £6m capital project for process plant. In another case, a small company in North Wales thought it was ineligible for a grant because of its size, but was found to be eligible under the rules of the Regional Development Fund.

However, it would be premature to pass any judgment on Eurogrants' ability to deliver *what it promises*, but it would appear to be a small step towards increasing the professionalism of British approaches to the EEC.

Eurogrants is at 87 Jermyn Street, London, SW1. Tel: 01-930 9311.

Jason Crisp

LOMBARD

The Albert Hall funding system

BY ANTHONY HARRIS

PEOPLE who like to wrestle with chess problems and crosswords, as I do, must be long familiar with the feeling that the solution, when it emerges, is something you had already thought of, without seeing why it was the answer; and I would like to draw attention to one such already-found solution, which was indeed invented by the present Government for a very limited purpose. It is the idea behind the forward sale of BNOC oil, and it could solve some of the funding problem.

This, it seems to me, is a formula which could meet the demand of those like Mr. Wilkie, of Standard Life, and the many others, including myself, who have urged the sale of real value securities instead of high-coupon long-term debt. Yet it could also be acceptable to the equal number of bankers, brokers and Treasury officials who are ready to lay their dead bodies in the path of any such device.

Respectable

The forward sale of goods and services has a long history of the utmost respectability. Covent Garden does it, and indeed, one of the owners of a block of seats is the Old Lady of Threadneedle Street herself. The right to join in a draw for the seats is one of the notable fringe benefits offered to senior recruits; so if anyone in the Bank wants to object to what follows, I challenge him to give his seat to me. I could do with it. Similar forward sales were used to finance the Albert Hall, and you can't get more respectable than that.

All I am suggesting is that the principle becomes capable of wide application with one simple modification: public bodies should sell forward either their products or services, *or the right to the cash value of them.* And if you think that that is just an indexed bond in fancy dress, read on.

The point is simply this. A bond is a claim either to a perpetual income, or to an income for a fixed term followed by redemption at par. It is because redemption is at par that there can be an arguable case for exempting gilts from capital gains tax, since it all comes out in the wash (except for surtax specials). And thereby hangs much of the tale of doubt and objection. Indexed capital horrifies the Treasury because either you have to tax the "gain" due to indexation, which is by definition no gain in real terms, and so open the door to general indexation of capital taxes or you have to give official borrowers a tax privilege which would lay the corporate sector flat.

Now a forward sale of a known delivery of oil raises no such problem; like any other sale of a publicly-owned asset, it is simply a handy way of raising finance without troubling the gilts market.

What we are discussing, then, is either a long-term forward contract, or an annuity defined in terms of some real commodity or service. There is no redemption problem, because there is no redemption. Trade in such annuities would be unlikely to yield any very spectacular capital gains, unless the annuities were of very long term, because an annuity is a wasting asset. The income, if paid in money, could be taxed like any other income. The Treasury, in short, would have little to worry about.

Once the principle is admitted, two quite different possibilities open up. One, for the man-in-the-street, and especially for the retired, would be the sale of services actually used. The railways could sell season tickets not for a month or a year, but for five or ten years. The electricity services could sell so many kilowatts annually, the telephone people so many units, and so on.

Cash limits

Of course, such forward sales would have to come within cash limits, because the money invested would be lost to other securities; but I would take a large bet that nationalised industries and services would find it much cheaper to service some of their capital in this way than on Treasury terms—especially those trying to finance long, slow-paying projects like nuclear power stations or advanced passenger trains. And as for permission, this is only an extension of what BNOC has already been *instructed* to do. So what about it?

Plants for all seasons by the pond

GARDENS TODAY

BY ROBIN LANE FOX

SOMETIMES YOU must wonder if gardeners know what plants really like. They have such clear preferences when you read about them in lists. Shade here, lime there, three-and-a-half part of leaf mould to two of sand.

Recipes, nowadays, are simpler than 50 years ago, though I know several gardeners who were not surprised to hear that the queen of cookery, Constance Spry, was also a great lady for flowers. They assumed that mixing a compost came as easily to her as mixing a cake.

In fact, those old recipes were too subtle. The one difference to be observed is the presence or absence of lime in the soil. You cannot miss this. If you put a lime-hating plant on a lime soil, it will turn yellow and shed its leaves.

You can treat it with chemicals, of course, but that is another topic. At their extremes, sun and shade are equally obvious. A felted shrub from a Balkan hillside will not be at home beside a pond in the Home Counties. But when you draw nearer to the line, sun and shade, wet and dry become confused. A reader has just taken me to task for telling you that the pink bark of the Japanese maple, Acer Senraki, is happier in a damp and sheltered place on acid soil.

He has one growing like an elder bush, but it stands in deep chalk on an open site which is not unduly wet.

I have to believe him. Until you try these marginal plants in unlikely places, you never know the full range which they will tolerate. They have a reputation for this or that, usually a half-truth.

Reversing my reader's discovery, I remember the days when I was taught that the lovely Cape Lily would only grow in a warm, south-facing bed. True, these crinum bulbs were often at ease there. But they had their competitors for this precious space, and many gardeners felt that their great clumps of strapping leaves and late heads of trumpet-shaped pink and white flowers were not worth the best room in the garden.

"They produce ample foliage," I quote at random from an old authority, "and are far too big for small gardens."

It took me years to learn to disagree.

Even for these authorities, there was a hint of a further truth. As the buds formed, the crinum seemed to like to be watered heavily. In fact, it will stand happily in very wet sites throughout the year. This is invaluable.

In South Africa, the species forms are reported to grow by the edges of ponds and lakes. In Europe the best value is the hybrid sold here as powellii. It is coloured pink or white. Off one bulb, you can expect eight flowers to a thick stem, some three to four feet high. If you do not know them, imagine an indoor Amaryllis and reason from that to a pale pink variety outdoors. If you do not even know the Amaryllis, picture an open funnel or trumpet as the flower, set round the top of a thick stem. The leaves are a thick arching clump and the general effect is architectural.

Crinum powellii: eight flowers from one bulb.

Put it beside a pond or in a sodden bed which still receives full sun. There, there are fewer competitors. I have long wished for something bolder than the vulgar spirata and less temperamental than the half-hardy blood-red lobelia. The crinum is not a plant for a cold or exposed site. But in a sunny bog, it is superb. I have never seen better than along an Oxfordshire stream and below the walls of the nearby rectory which stood on a water-bed.

You could smell damp fungus in the house. But in August, it was almost worth it for the thick beds of crinum. Order your bulbs now at anything from 75p each upwards.

They are as big as a croquet ball. You should plant them in spring about 2 ft apart. It is important to dig out a deep hole, a foot deep or so, so that the bulb is buried up to the neck. In a water garden, this is easily done.

Like this wet bed of crinums, a long border of the familiar mahonia often springs to my mind. Its home was in Ireland, where it was well contrasted with the enormous leaves of the best bergenia, the true Ballawley hybrid.

This bergenia has none of the dreary gloss which settles on the dark green leaves of the less desirable sorts. When happy, its leaves are as lush as an evergreen cabbage. They colour quickly in autumn and remain nearer the lime-green end of the scale. Often, I have wanted to repeat this simple combination round the foot of a low English house, whose owner wanted solidity without bother.

If you fancy it, be sure to mass the two plants in generous groups. Do not break them up into ones and twos or confuse their contrasting leaves with too many featureless flowers.

The mahonia is long leaved, thin and prickly. The bergenia is soft, round and lush. But both were at their best in Ireland because they were thoroughly wet.

We all use the winter-flowering mahonia Japonica wherever an evergreen shrub of a pretty shape is convenient. It is so reliable that it ends up in odd corners or beneath shady walls.

The foot of a wall is often the driest and poorest place in the garden. But the *mahonia* still has those exquisite sprays of yellow flowers whose scent of lily-of-the-valley is such a joy indoors at this time of year.

Put it in a damp place and it will also amaze you by the health and richness of its leaves. I have seen it well massed round a pond in a Gloucestershire wild garden when it had none of that drab and winter green to the leaf.

Like the bergenia, it was shading into red and lime-green, a far more remarkable plant. Yet books on water-gardens overlook it. I suspect that it would thrive among big leaved rodgersias, those princely plants whose rounded leaves would contrast well with mahonia. Indeed, a bed of crinums mixed with mahonia, in a damp but sunny place, would be an idea worth anyone's trouble.

So often, I have to say of this or that plant that it likes sun or damp shade, whereas the answer, I feel sure, is that its tastes are all variable with its country and local climate. In Scotland, after all, the category of bog-plant is not distinct from everyday border-plant. If you have well-attested plants which break the rule book, I am always glad to hear of them. I cannot quite believe the company salesman who wrote to say that he thought he had Azalea Palestrina growing freely on lime soil.

A good salesman, perhaps will always ignore his product's limitations. His garden turned out to include a deep seam of greensand. But in the matter of wet and dry, especially, there is still much more to be made common knowledge.

Three course winners clash

RACING

BY DOMINIC WIGAN

COURSE WINNERS Crown Court, Caravino and Temple Rise are due to line up for this afternoon's Duns Handicap Chase at Kelso, where the five-runner field is made up of recent winners in Border Brig and Foreign Field.

My idea of the likely outcome is a victory for either Foreign Field or Temple Rise. The 10-year-old Foreign Field whose trainer, Ken Oliver, became the first Scottish-based handler to land a "Trainer of the Month" award with his December success put up by far his best display of the campaign last time out.

Sent into the lead three fences from home in Ayr's Hamilton-Campbell Challenge Cup, Foreign Field was momentarily headed by Weather All on the run-in before regaining the advantage.

At the line, Foreign Field had three-quarters of a length to spare over Weather All to whom he was conceding 4 lbs, with Border Brig—attempting to give the winner the same weight—another two lengths away in third place.

Temple Rise, the veteran of the field at 11 years of age, has made just two appearances this season. However, he showed on his most recent outing that a return to form could be imminent, and with the ground likely to be testing his chances must be respected off bottom weight of 10 st.

In what may well develop into a closely fought finish Foreign Field—bidding to concede 6 lbs to Temple Rise—is just preferred.

Arthur Stephenson, who now has so many inmates of his stable running in his own colours, will be hoping that Kasmoun can repeat a recent course success through victory in the opener, Division I of the Goldstream Novices Hurdle.

Kasmoun, on whom there was something of a gamble there: the four-year-old being backed from 5-2 to a return of 13-8, can follow up by outclassing the recent Sedgefield third, Florence.

KELSO

12.45—Kasmoun**
1.15—Foreign Field
1.45—Autumn Glow
2.15—Solo Sam
2.45—Rathdale*
3.15—Marnik***

TV Radio

† Indicates programme in black and white.

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Playboard. 2.01 For Schools, Colleges. 3.25 Children's Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 Our John Willie.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Women in White.
8.25 The Two Ronnies.
9.00 News.
9.25 War School.
9.55 Sportsnight.
11.10 News Headlines.
11.12 Michael Parkinson.
12.12 am Weather / Regional News.

All Regions as BBC-1 except as follows:—

Wales—11.02-11.22 am I Ysgolion. 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20 Tom and Jerry. 7.35-8.25 The Rockford Files. 12.12 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.12 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene around Six. 12.12 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School.
†5.35 Flash Gordon Conquers The Universe.
5.55 Pride And Prejudice.
6.50 The Master Game.
7.20 Mid-Evening News.
7.30 Mr. Smith's Indoor Garden.
7.55 Arena.
8.30 Midweek Musical: "Goodbye Mr. Chips," starring Peter O'Toole and Petula Clark.
10.50 Late News.
11.05 Hollywood and Vine.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon plus. 2.45 The Outsiders. 3.45 Hobson's Choice. 4.15 The Sooty Show. 4.45 The Book Tower. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Best Sellers: "Flesh and Blood."
10.00 News.
10.30 pm Best Sellers (continued).
11.15 Paul Anka . . . Music My Way.
12.15 am Close: Personal choice with Rosalie Crutchley.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Money-Go-Round. 6.00 About Anglia. 11.15 Celebrity Concert with Neil Sedaka. 12.10 am The Big Question.

ATV

12.30 pm Heritage In Danger. 1.20 ATV Newsdesk. 2.45 Family. 6.00 ATV Today. 11.15 ATV Newsdesk. 11.20 The Butlin's Grand Masters Darts Championship.

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Money-Go-Round. 5.15 Jabberjaw. 6.00 Lookaround Wednesday. 11.15 Sidestreet. 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 6.00 Channel News. 6.10 Link Up. 10.28 Channel Late News. 11.15 George Hamilton IV. 11.40 Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 2.45 House Party. 3.15 Money-Go-Round. 6.00 North Tonight and Area Weather Forecast. 11.15 Tropic. 11.45 Reflections. 11.50 Living and Growing For Adults. 12.20 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Money-Go-Round. 3.15 The Wild, Wild World of Animals. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 11.15 Tropic. 11.45 George Hamilton IV.

HTV

1.20 pm Report West Headlines. 2.45 Family. 5.15 Cartoontime. 5.20 Crossroads. 6.00 Report West. 6.30 Three Little Words. 11.15 Celebrity Concert—Diahann Carroll.

HTV Cymru/Wales—As HTV General Service except: 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 The New Avengers. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 11.15 Late Call. 11.20 The Butlin's Grand Masters Darts Championships. 11.50 George Hamilton IV.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Money-Go-Round. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East area only). 11.15 Southern News Extra. 11.20 Family.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where The Jobs Are. 2.45 Let The Music Take You. 3.15 Money-Go-Round. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 11.15 North East News Headlines. 11.17 Police Women. 12.17 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 Money-Go-Round. 3.15 How's Your Father? 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.28 Ulster Weather. 11.15 Soap. 11.45 In Search Of . . . 12.10 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 6.00 Westward Diary. 10.28 Westward Late News. 11.15 George Hamilton IV. 11.40 Faith For Life. 11.45 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Three Little Words. 3.15 Money-Go-Round. 6.00 Calendar (Emley Moor and Belmont editions). 11.15 Have Girls, Will Travel. 12.15 am Barney Miller.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 200m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2: 5.00 am With Radio 2. 8.00 pm Listen To The Band (S) (continued from Radio 2 7.30 pm). 8.15 The Magic of the Musicals (S). 9.02 Joe Loss celebrates 50 years as a bandleader (S). 9.55 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Cricket: England v West Indies. 5.04 Steve Jones (S) including 6.03, 7.03 Cricket. 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 Ray Moore (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Listen To The Band (S) (continued on vhf). 8.00 Soccer Special. 9.30 Joe Loss (S) (joins vhf). 9.55 Sports Desk. 10.02 Stop The World . . . 10.30 Dick Emery says Be My Guest. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Gluck (S). 10.00 Music For Organ (S). 10.35 Sandor Begh violin recital (S). 11.45 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 All Across The USA (S). 3.30 Fifty Years Of British Music (S). 4.00 Salzburg Festival 1979 (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Music Now: Dance Umbrella 1980 Showcase. 7.45 Scottish National Orchestra, part 1: Panufnik, Maxwell, Davies (S). 8.30 Six Continents. 8.45 Scottish National Orchestra, part 2: Tippett (S). 9.20 The Plague Column: poem cycle by Jaroslav Seifert. 10.00 Rudolf Firkusny piano recital (S). 10.45 Guarneri String Quartet (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week With Russell Harty. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 The Bridge of San Luis Rey. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Double Act. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 On The Town in Bristol. 8.30 A Sideways Look At . . . 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Give Or Take (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 The Extra Ordinary Level Show. 8.50 Question Time from the House of Commons. 9.50-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm Jazz After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Tara Jefferies. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,175

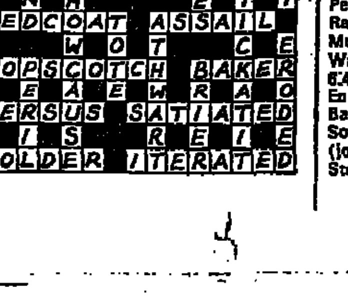
ACROSS

1 Cite this incorrectly for a moralist (8)
5 Turn south-east and fish from slope (6)
10 Blood around pole in shrub (5)
11 Dentist required to pull out gold? (9)
12 Fat member of shooting-party needs lubricator (6-3)
13 Place for tailless insect (5)
14 Desire for knowledge that's to be dry (6)
15 Arena leased by small circle (7)
18 Revealed in the open air (7)
20 Harm Mother courage at the end (6)
22 Cavity wherein there's moral offence to you and me (5)
24 Criticism exactly observed in front of river (9)
25 A French name a confused soul makes irregular (9)
26 Coldhouse arranged in big loop (5)
27 Small-minded about ring-leader being beautiful (6)
28 Hybrid deer even disguised with superficial refinement (8)

DOWN

1 Reserve is to enter into contest (6)
2 Crop to thrash (9)
3 Secret satins are, or could be this (6-9)
4 Insult about early starter being cunning (7)
6 Shaping can I melt to produce paper-fastener (8-7)
7 Fantastic losing fast trick (5)
8 Fish a location with hanger-on (8)
9 Expiator at one with religious leader (6)
16 Joker, as a physiotherapist may be (3-6)
17 Instrument religious type raised in pitch (4-4)
19 Tyrant some French pick out (6)
20 Partially endures sentence and imprisonment (7)
21 Tape soldiers on line (6)
23 Snare duck with beak outside (5)

Solution to Puzzle No. 4,174



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

THE ARTS

Television

Silent movies and the secret service

by CHRIS DUNKLEY

The assumption underlying a very large proportion of television seems to be that you can have either entertaining programmes or intelligent and informative ones. My own preference has always been for those which master the difficult trick of being all three, so it is pleasant to discover not one, but two series in the new season's schedules which manage it.

Hollywood is Thames Television's 13-part story of the silent movies. The great danger with this series was that, after all the talk about it within the industry for what seemed like, and probably was, years, too much would be expected from it. It comes, after all, from the same stable as *The World At War*, and its production team reads a bit like a TV talent spotter's Who's Who, from executive producer Mike Wooller and special consultant Jeremy Isaacs (tipped more often than anyone for the controllership of Channel 4) on the one hand, to composer Carl Davis and ace film researcher Raye Farr on the other. Furthermore, it had to stand comparison with the much-praised book which inspired the whole thing, *The Parade's Gone By*, written by Kevin Brownlow, who with David Gill has now written, produced, and directed the television series.

So there is a measure of relief blended with the pleasure at discovering—on the evidence of the first two episodes broadcast, The Pioneers and In The Beginning and a preview of Episode 5 about stunt men, Hazard Of The Game—that the series is, indeed, as assiduously researched as *The World At War*, made with a similar dedication to technical standards in the all-important film extracts, just as much of an eye-opener on a subject which many of us thought we already knew a lot about, and best of all perhaps "entertaining" in a way that the more sober subject of war could never be.

Though it may seem arrogant to say so (actually it is mostly a matter of time) precious few series suggest in their first two parts that every subsequent episode is going to be worth a critic's attention. *Hollywood* has proved to be one of those few: every episode will be switched on, as much for personal pleasure as for professional reasons.

Like *World At War*, it alternates and counterpoints archive material with specially shot interviews so that—for instance—footage of the teenage Gish sisters in a 1912 Griffith movie is promptly followed by Lillian Gish reminiscing today, thus telescoping the entire history of the industry. Similarly, in the stunt men episode Harvey Parry's descriptions of insane tricks with cars in the early days are illustrated with the very movies concerned.

Yet the series is no fond trip down memory lane, nor an indulgent collection of the best bits of the most famous movies as it so easily could have been. On the contrary, it seems dedicated to revealing as many as possible of the warts which were so often hidden by the glossy image. Clips are sometimes so sternly rationed that one longs for an accompanying season of full-length silents. But as Episode 2 proved last night, the story of Hollywood the place is in some respects as entertaining as its famous products.

Of course the series is not perfect. The subject does not split naturally into 13 equal-sized packages, though scheduling dictates that this be done. We do not necessarily see interviews with the most important people in any field but with those who happen to have survived. Once again the mistake has been made of having the narration done by a film star (James Mason who has done others, but practice has not made perfect) instead of a proper narrator, such as—say—Paul Vaughan.

Most important of all, these movies were not made for television: Griffith made *Intolerance* for a large collection of strangers sitting in the dark in a public building dominated by larger-than-life figures on a big screen, not for a small family group at home with the lights on and dominating smaller-than-life figures on a small screen.

It is a measure of the power of the silents, however, and ironically a tribute to the BBC's borrowed reprocessing techniques, that these movies still manage to enthrall even on television's little screen. Extracts from *The Fire Brigade* in Episode 1 were positively gripping despite the extreme melodrama. Moreover, that movie more than any other so far has proved the truth of the series' claim that the jerky, scatchy, greyish rubbish which is so often passed off as classic silent cinema is a dreadful travesty of the true art.

Despite having been raised at the National Film Theatre and the Hampstead Everyman on a diet of Griffith, Eisenstein, and Keaton, and consequently expecting to be blasé about almost anything this series might show, I have to admit that it has already introduced one large and mind-changing idea: that talkies with their language barriers were a retrograde step away from the silents' universal language of mime, pantomime, and music and, more, that: "The silent film was an art unto itself and it had not much to do with the theatre or talkies." It looks as though *Hollywood* may well achieve the impressive feat of proving that very large claim to be true.

The other series successfully combining entertainment, intelligence (in more senses than one) and information is Frank Cox's set of six "dramatised reconstructions" for BBC1 under the umbrella title *Spy!* The first episode on Sunday, John Vassall written by Ruth Carter, dealt with the notorious British Admiralty spy of the fifties. Next Sunday's, Camp 020, is concerned with the much less famous but presumably far more important activities of MI5's wartime counter intelligence centre. Others look at KGB spies, Britain's Cynthia, who burgled the Vichy embassy in Washington, the Nazi entrapment of two British spies in The Venlo Incident, and the German Tokyo Spy Ring, led by Richard Sorge.

The series has actually been waiting a long time for a place in the schedules but, as luck would have it, now seems providentially well timed with *Tinker Tailor*, Mr. Blunt, and *Charlie Muffin* all so recently high in public consciousness. And the sharpest point to have emerged from the three episodes I have seen—Vassall, Camp 020 and Tokyo Ring—is that real spies rarely behave like either of the two stereotype "special agents" so beloved of television: the scruffy, inverted snob who lurks in alleys shooting friend and foe alike and only looking after Number One; and the debonair playboy who jet-sets around in evening dress bumping off evil geniuses and egalitarian oiks.

According to *Spy!* he is much more likely to resemble Mr. Blunt, spending most of his life working away at a cover job and rarely being involved in anything more violent than a spot of homosexual blackmail—on the receiving end in Vassall's case. The way that the sociable and modestly sybaritic Vassall was driven literally into the arms of the Russians by the hostile snobbishness of the Navy and county types at the British embassy in Moscow was one of the two particularly intriguing aspects of Episode 1. The other was the Admiralty's burglary of its own building to track down its own mole.

The destruction of preconception seems to be one of the series' most striking characteristics. I suspect that many viewers watching next Sunday's interrogation, with its disorientation techniques, its monocled officer strutting the mess in his jodhpurs, slapping his crop against his riding boots and knocking the prisoners about, will refuse to believe that such a monster ever ran an *English* counter intelligence centre. Yet we must assume this reconstruction is broadly accurate (relying on the many well informed survivors to blow the whistle if not).

A different set of preconceptions is undermined in The Tokyo Ring, which shows the German Sorge spying on the Japanese and—partly by casting the ultra-English Richard Johnson in the role which is, perhaps, not altogether fair—makes a pretty appealing character out of him: lady killer, mad motorcycle rider, keen drinker, and reveller in his own audaciousness.

To a quizzical eye it is fairly clear that owing to the BBC's tight purse strings this series has not been made on the most suitable locations. Yet the substitutes are clever and credible, resulting in handsome looking programmes—particularly next week's which is fortunate enough to be set in southern England, mostly indoors, and carefully done right down to the war issue pencils.

After all the years of Callan and Bond and Muffin and What-not it is refreshing to be given the much more far-fetched stories of real life.

A scene from D. W. Griffith's 1915 epic "Birth of a Nation" shown in the first episode of "Hollywood"

Royal Court

The love of a Good Man

by B. A. YOUNG

"When me they fly, I am the wings," wrote Emerson; and here is the phenomenon in practice. Howard Barker has set himself to make a cold, cynical assault on a dozen things that to most of the British have, even now, reserves of poetry, romance, even divinity. He has set his play on Hill 60, a point on the map that in the first world war was the graveyard of thousands of the youth of England, but he has set it in 1920, when the fighting is over and the corpses lie rotting in the marshy soil waiting for soldiers to come and dig them up again so that they may be interred in an official war cemetery.

About the workers, themselves long-service men who have already seen active service, there hovers a selection of social vultures. The Prince of Wales is the first of them. In an opening characteristic of Howard Barker's manner, he vomits on the battlefield; but then, anxious to prove to himself and to the world that in due course he is going to be a good king, he calls a soldier over to him and kneels before him to kiss his hand.

We next meet the contractor responsible for laying out the cemetery. (I can't believe that civilian contractors commanded soldiers as if they were officers, but it's a small point.) This one, Mr. Hacker, is a thoroughgoing villain. When he is told that the cemetery must be ready by a certain date for the Prince of Wales to dedicate it, he conspires with Clout, one of his men, to bury four bodies in each grave. Later, when he meets, and falls in what he imagines to be love with, Mrs. Toynbee, intent on finding the body of her son to smuggle it home for private burial, he arranges an even more elaborate swindle so that when the Prince chooses, blindfold, with a pin, which body is to be sent home as the Unknown Soldier, Mrs. Toynbee's son is chosen. (It's not her son, of course, it's the next body to turn up.)

We move to the climax of the dedication, at which the presiding bishop begins a sermon on "Why God likes pain" until the Prince's equerry shuts him up. After that—Mr. Barker, like Richard Strauss, is very slow at ending scenes—we have a séance at the scene of the dedication service; it serves no real purpose except to allow the author to indicate vaguely what is to happens to his characters in the end, a purpose which by that time is not necessary, for we know them all too well.

Mr. Barker's weakness is that although he shoots down what he thinks of as falsities with a true aim, he never, as far as I can see, offers us anything for our approval. There is not a character in this play who is anything but a monster, with the possible exception of Mrs. Toynbee's daughter Lalage, who seems to be heading towards the world of Bevanite socialism. Hacker and his confederate are swindlers; the Prince is a wet; Mrs. Toynbee stands for the privilege of the rich; the Graves Commissioner has gone mad. The language of all of them is straightforwardly selfish, and usually uncommonly dirty.

And yet, and yet . . . "When me they fly, I am the wings." With his single-minded attack on all that many of us find romantic and poetic, Mr. Barker has himself created a kind of poetry, a kind of anti-matter poetry that lies beyond the mere words and thoughts of his writing. It isn't likely to be to everybody's taste; but it has a curious fascination. There is of course no suggestion of historic accuracy; the first world war is already only a legend to men of Mr. Barker's generation.

The playing of the company (who are their own management, like the Actors' Company) is outstandingly good notably that of Ian McDiarmid as Hacker, Anthony Pedley as the monosyllabic Clout, and Diane Fletcher and Laura Davenport as the Toynbees. The director is Nicolas Kent, and the settings are by Stephanie Howard.

Diane Fletcher — Leonard Burt

Book Review

Founding father

by CLEMENT CRISP

My Theatre Life by August Bournonville translated by Patricia N. McAndrew. A. & C. Black £2.00, 708 pages

A hundred years ago August Bournonville died. And although he feared that his work and his name would be lost—"nothing in the world lasts forever, least of all the fleeting apparitions of the stage"—the centenary of his death finds his name celebrated, honoured, and increasingly loved, as more and more audiences respond to his ballets and the style of dancing they enshrine.

Yet Bournonville the man has become an ill-comprehended figure, and our view of his genius damagingly limited by the mere dozen of his ballets that survive from the 50 that he produced. Now we are able to see him in something like the round and comprehend far more about his life and his work: *Mit Theaterliv* has been translated. One of the most teasing and exasperating matters for devotees of the great Dane who do not speak Danish has been the existence of three fat volumes of memoirs, page after page of close-huddled Gothic script, totally resistant to attempts at decipherment.

Why did no Dane translate them? Every visitor to Copenhagen knows that every Dane speaks fluent English. What conspiracy, what mute refusal, could account for these memoirs remaining in Linear B? This was the maddening state of play in 1965 when Patricia McAndrew, a young American, saw the Royal Danish Ballet, fell under the spell of Bournonville choreography, was eager to learn more about the choreographer, and came up against the blank wall of *Mit Theaterliv*. It is to Miss McAndrew's honour and credit that, starting from scratch, she set about learning Danish, and further immersed herself into the linguistic convolutions of Bournonville's ripe mid-19th century style. And thus we have *My Theatre Life*. It is a book of exceptional interest. No tedious annal of first nights and self-justification, it offers a panorama of the theatrical and balletic life of half a century, telling of fruitful endeavour in Copenhagen, Paris, Vienna, London, and of travel in France, Italy, Russia. It is a picture of an age seen by a man of both sense and sensibilities; serious but not humourless; without false modesty but also without self aggrandisement; a man who, while propounding the bourgeois virtues of his time, was capable of flights of poetic sensitivity that still move us in the theatre when we watch his ballets.

Of course these memoirs must fascinate ballet-goers utterly; they provide the richest and most illuminating insights into the dance-world of the last century that I know. But they will prove no less enjoyable to anyone concerned with the theatrical and social history of the period. Bournonville, as we know from such ballets as *Napoli*, was a camera, able to record and re-create scenes without losing the first enthusiasm, and the slightly provincial delight, with which he first saw them. So, in *My Theatre Life*, his travel notes describe Italian life in 1841, Petersburg and Moscow in 1874, Stockholm and Vienna in the 1850s, with unaffected honesty and an immediacy which the years have not diminished. Bournonville was proud of being Danish, of being a dancer, of being a figure in his time, and Miss McAndrew has clearly captured the flavour of Bournonville's literary style (which has parallels with his balletic manner in seriousness as in charm). Sometimes high-faluting, prosy at moment, it is yet directly expressive of feeling and aspirations. We sense on every page the presence of this remarkable man, his voice, his idealism. He lives in the theatre through his ballets and his dance style; Patricia McAndrew has brought him alive for us in no less rewarding fashion.

John Pritchard and Rodney Friend join BBCSO

John Pritchard and Rodney Friend have both joined the BBC Symphony Orchestra, Pritchard as joint principal guest conductor with Michael Gielen and Friend as leader, sharing that position with Bela Dekany.

Canada House

Robert-Marcotte-Gray Ensemble

This ensemble is in fact a trio consisting of violin, horn and piano. No doubt the extreme slenderness of the repertoire accounts for their not calling themselves a trio—their concerts must be fattened with duo sonatas. The main work in Monday's recital was, however, Brahms's E-flat Trio Op.40, a cheerful and forthright work that one rarely comes upon in live performance.

The violinist of the Ensemble is Ann Robert (a student of Manoug Parikian), whose strong bow and rich tone made a successful match with Paul Marcotte's horn. His soft-edged attack and cool, sylvan sound allowed a much happier blend than can normally be expected in this somewhat unlikely medium; some non-committal phrasing was perhaps the price of understandable caution. Frances Gray at the piano supplied purposeful energy at a judicious level. They made much of the passionate sentiments of the Adagio mesto and cantered through the high-spirited Finale with confident panache.

Earlier, Miss Gray and Miss Robert played Mozart's B-flat Violin Sonata, K.454 broadly and stylishly; there the musical command seemed to rest with Miss Gray. After Mr. Marcotte had essayed Hindemith's Horn Sonata — too fuzzily declaimed for its period rhetoric to make its best effect, and too shyly supported by the piano — we had another violin sonata, this time by Harry Somers. Somers is now a relatively senior and respected Canadian composer, but the sonata is an early work, more than a quarter-century old. It proved to wear a characteristic Somers surface, all nervy introspection and unease, held up — just — by several wildly disparate kinds of musical technique from different sources. Not vintage Somers, though it was played with devoted concentration; not really recommended even for domestic consumption.

DAVID MURRAY

Irish arts in London

The largest ever festival of Irish arts opens in London on February 1. In the following six weeks ninety different events will take place in forty-four venues featuring artists from both sides of the border. "A Sense of Ireland" is mainly designed to reflect the developments in Irish artistic life over the past two decades as well as the older heritage.

Perhaps the highlight of the festival is the visit of the Abbey Theatre of Dublin, in its 75th year, introducing to London Hugh Leonard's latest play "A Life." It will appear at the Old Vic and star Cyril Cusack. The young Project Theatre Company is presenting "The Liberty Suit" by Peter Sheridan at the Royal Court and "The Risen People" at the ICA, which will also host a dramatised version of Flann O'Biren's "The Third Policeman" by Ken Campbell's Science Fiction Theatre of Liverpool.

Another attraction is the Irish folk group The Chieftains accompanying the Irish Ballet Company on its first appearance in London with a folk dance version of "Playboy of the Western World" at Sadler's Wells, while at the Round House Seamus Heaney, William Trevor, and Jennifer Johnston are among 40 writers reading and discussing their work.

The classical music programme includes concerts by the Ulster Orchestra, the New Irish Chamber Orchestra and the RTE Symphony Orchestra. The National Film Theatre will be showing Irish-made films spanning 70 years, and the ICA, the British and American cinemas singular representation of Ireland and the Irish.

To date over £200,000 in sponsorship has been raised to finance the festival from Irish and British companies and a guarantee against loss of £110,000 has come from the Irish Department of Foreign Affairs.

A.T.

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Our borrowed splendour

WHEN exchange controls were finally abolished in October, there was a good deal of nervousness about the future exchange value of the pound. Initially there were quite persistent capital outflows — quite largely due to the substitution of sterling borrowings for currency debt—and the rate tended to subside. Recently, however, there has been a strong recovery so that sterling now stands at its highest rate since last August, before the controls were abolished. If the authorities were willing to accommodate it in the markets, it is clear that even more capital would be flowing in.

There is nothing mysterious about this development; it has followed the raising of UK interest rates to record levels in November, and is now to some extent reinforced by the hope that the next move in interest rates will be downwards. A high running yield coupled with the hope of capital profit is a strong attraction, and it is clear that foreign investment buying of UK Government stock has played a part in the latest surge in the rate.

Violent squeeze

There is little in this picture to encourage complacency about the UK economy. On the contrary, the strength of the exchange rate, combined with the high level of interest rates, is imposing a violent squeeze on corporate finances, as recent alarm signals from the Confederation of British Industry have indicated.

It is this combination of recessionary forces, bearing especially hard on manufacturing industry, which has led critics of the Government's policy to accuse it of monetarism run mad, and urge that monetary targets should be relaxed to allow existing credit demand to be accommodated at lower interest rates, and without sucking in funds from overseas. In other words, if inflation is inevitable, lie back and enjoy it.

This line of argument misses half the point. It is true that existing monetary targets are severe in the context of the present trends of UK costs and credit demands; but that context is largely set by the Government itself. It is because fiscal policy is inconsistent with monetary objectives that the money supply can only be controlled by very high interest rates; and it is unfortunately true that many of the steps which the Government has so far taken to reduce its borrowing have tended to raise consumer prices.

In short, policy errors—which are quite largely inherited in the form of Labour's expenditure plans and the Clegg commission—and the efforts to get back on track have combined to produce the present recessionary threat; but because of that threat, there is a persistent stream of well-qualified advice to the effect that the Government should abandon the cure forthwith. To impose a fiscal squeeze in present circumstances, it is argued, will threaten us not with a recession but with an outright slump and even, according to the alarmists, the destruction of a significant part of British industry.

This overlooks the cause of the squeeze on industry. A reduced underlying public sector borrowing requirement, with an unchanged monetary target, would free credit for industry, and allow interest rates to ease; and at the same time, the demand for sterling should return to a more rational level. The combined effect of lower interest rates and a less overvalued exchange rate would do far more to help industry than any attempt to maintain domestic demand through further borrowing.

Far to go

It remains true, of course, that the Government controls only part of the demand for funds; if the trade unions succeed in enforcing settlements which compensate them fully for the higher charges and taxes which the Government has had to impose, the burden on industry will be greater, and the recession deeper, than would otherwise be the case; but adopting a monetary policy which would "validate" this, and allow inflation to persist and accelerate, would only mean a still more painful adjustment later.

There is still all too far to go before we achieve a proper balance, in which our oil surplus is matched by overseas investment, the non-oil current account returns to balance, and sterling strength reflects performance rather than a triumph of expensive borrowing, but we must persist.

A fair poll in Rhodesia

AS THE ELECTION campaign in Rhodesia begins to earnest the ceasefire remains delicately poised and the Governor, Lord Soames, is having to convince bitterly opposed sides of his neutrality. Thus the arrival next week of 11 senior representatives of the Commonwealth to observe the conduct of next month's elections takes on special importance.

It was agreed at the Heads of Government summit in Lusaka last August that observers would be invited to assess the conduct of independence elections. In the course of the Lancaster House conference, the Secretary General, Mr. Shridath Ramphal, won—not without difficulty—Britain's agreement to the establishment of a formal Commonwealth observer group which will report to the heads of government.

Key role

However, the observer group has a key role to play. It is led by an experienced man, Ambassador Rajeshwar Dayal, India's former Foreign Minister who was head of the UN mission in whatw as then the Congo in 1960-61. A report compiled by representatives of Bangladesh, Barbados, Canada, Ghana, India, Jamaica, Nigeria, Papua New Guinea, Sierra Leone and Australia will carry considerable weight at the UN, the Organisation of African Unity and elsewhere.

The estimatde £450,000 cost will be shared by all Commonwealth members and although Britain will contribute a third of this, it is a small price to pay. Not only will the observers report on the elections: their very presence—during the polling from February 27 to 29, the team and back-up staff will exceed 100 based in all eight electoral districts—may help ensure that the elections are conducted legitimately and bring about the final resolution of the 14-year old Rhodesia problem.

Their task should not be underestimated. Although the ceasefire has held since Christmas to a degree which has surprised many observers there are nevertheless disturbing indicators that all is not well.

The precise circumstances of the shooting by Rhodesian military forces last week of seven of Mr. Joshua Nkomo's guerrillas remain unexplained. The continuing presence of units of the South African army in the country, albeit limited to what is officially described as a protective role at the Beit Bridge border post, is condemned by Mr. Nkomo and Mr. Robert Mugabe as a serious breach of the Lancaster House agreement—a view supported even by the moderate President Danial Arap Moi of Kenya, the sole African contributor to the Commonwealth ceasefire monitoring force. An estimated 5,000 people are still said to be held under martial law regulations still in force. The conduct of the apparently unmonitored "auxiliaries" predominantly loyal to Bishop Abel Muzorewa is causing growing anxiety.

For his part, Mr. Mugabe has apparently failed to ensure that all his men observe the ceasefire terms. He continues to hold in detention in Mozambique dissident members of his party, in contravention of a provision in the Lancaster House agreement calling for the release of political detainees inside and outside Rhodesia.

There will undoubtedly be further difficulties as all parties fight what is expected to be a bitterly contested campaign. Nevertheless, Britain's responsibilities will only end when the international community accepts the outcome. It may be that the Commonwealth observers will be divided in their assessment.

Bad losers

It is vital for both Britain and the people of Rhodesia that the elections can be recognised as widely as possible as "free and fair." Bad losers may cry foul, but a negative judgement by the Commonwealth could both undermine the settlement's international acceptability and endanger the still-fragile ceasefire. The final aim must remain an end to the war and international recognition of whatever Government emerges from elections. Lord Soames has a difficult job, with little more than moral authority to impose his will. To exercise that authority to the full, it is essential that he should maintain the respect of both sides. He must be, and be seen to be, impartial. There are bound to be those, whatever the outcome, who will seek to charge the UK with rigging the election. They must be given no justification for such a charge.

The former Shah of Iran pictured on his arrival in Panama.

Iran's new tests

By SIMON HENDERSON, in Tehran

WHEN THE Shah left Iran a year ago today on his "long vacation" his empire was crumbling around him. Widespread demonstrations had reduced his authority almost to the gates of his own palace in north Tehran.

Now, at least at first glance, his successor Ayatollah Khomeini is having similar problems. There have been riots near his own home in the holy city of Qom, in the desert 90 miles south of the capital. His revolutionary forces are scarcely able to control mounting problems in the provinces and, in some areas, have aroused the same kind of hatred from the local people as they had for Shah's soldiers.

Alongside these difficulties the twin concerns of the *western world—the continued* detention of 50 U.S. citizens in their own Tehran embassy and the Soviet invasion of Afghanistan—are of lesser, and fading, importance to the Iranian regime. The hostages are becoming an embarrassment, while the invasion has been largely ignored.

In the words of one ambassador in Tehran: "Iran is in the midst of a revolution and cannot be distracted from it." For Khomeini loyalists the present focus of that revolution is the confrontation with the U.S. over Washington's support for the Shah and claims of espionage activities at its Tehran embassy.

But thr U.S. crisis has opened up a division in the revolution. It is the same split which is now being exploited by ethnic minorities who want a say in the running of their affairs. Ayatollah Khomeini is accepted as the nation's leader; but on the subjects upon which he does not pronounce there is considerable room for individual interpretation, and therefore disagreement.

The formerly secret Revolutionary Council which has been running the country since the Government of Mr. Mehdi Bazargan resigned at the start of the embassy crisis over two months ago has shown itself to be surprisingly weak. Its six religious and eight lay members meet each evening, *but they have yet to produce* a coherent policy for the future of Iran. Nor do they apparently have a policy which will help solve the hostage crisis, as they reportedly wish to.

Instead, the running has been made by the militant Islamic students holding the embassy, though there are indications that even they might be losing some of their influence and standing.

The crisis is now deadlocked because it has dawned on the students, if not yet on Khomeini himself, that they are not able to force the Shah back to Iran to stand trial by holding Americans hostage. The students are therefore immobile, and the talk of spy trials or tribunals to investigate U.S. policy appears to have been put to one side—at least until after the election of the Republic's first President on January 25.

Diplomats studying the revolution distinguish two main currents: first, the fervent religious revival of Shi'ite Islam and, secondly, an essentially left-wing, anti-American line which is seeking to turn Iran's society upside down. It is this latter aspect which is most likely to spread to neighbouring conservative Moslem states.

Broadly speaking Khomeini is seen as following the first line, the students the second, and the Revolutionary Council a combination of both. The Council also appears to accept that, having been charged with Government, it must act responsibly.

The problem with Iran today is that for some sections of the population a Shi'ite Islamic revival is anathema; while the anti-Americanism is overshadowed among regional groups which are probably more suspicious of whoever is run*ning the Persian-speaking heart*land.

Khomeini's greatest challenger, though he would not admit to it, is Ayatollah Shariat-Madari who lives in Qom but is the spiritual leader of the Azerbaijani Turks in the north west of Iran. His scarcely hidden disagreement with Khomeini on the nature of an Islamic constitution has served to sow the seeds of the highly damaging belief that "the Imam" can be challenged and therefore should not be a "Faghih," a trustee of the faith, in a supreme political and religious role. The provincial capital of Azerbaijan, Tabriz, has been in semi-revolt for a month and looks like staying so.

The 12m Azerbaijanis, a third of the country's total population, are too numerous to be subjugated by Khomeini's limited forces. Soldiers from the region also make up an exceptionally high proportion of the army's ranks. The Kurdish revolt, in the area south of Azerbaijan, is even more established. Government garrisons in Kurdistan are isolated and cut off.

After the Presidential elections, Iran's voters will be required to turn out for the fifth time in 12 months to choose a National Assembly, thus completing the long drawn out constitutional process of transition from the monarchy. However, a number of problem areas remain to be sorted out before the new apparatus of government can be said to be truly installed. Most pressing are the future President's relationship with the Revolutionary Council and the extent to which Ayatollah Khomeini, as "Faghih," will exercise his supreme power from day to day. On the other hand, Shariat-Madari's constitutional challenge may effectively knock the *bricks to the ground before they* can be put in position.

An incipient challenge to Khomeini is coming from the quiet growth of a Left wing based, for the first time, on working class support; its members annoyed by economic difficulty and tired of religion.

This phenomenon has not shown itself in public yet. Apart from disgruntled unemployed workers, the demonstrators in the street are still firmly for Khomeini. But the Communists and other left wingers are well organised and although initially embarassed by the Soviet action against Afghanistan will probably see it eventually as encouragement.

In the event of trouble the authorities now rely almost exclusively on the Revolutionary Guard, with its estimated strength of 20,000—the army having been deliberately weakened by purges to prevent a counter coup. Yet the Guards are insufficiently trained, provoe resentment by their highhanded behaviour, and have sustained needlessly high casualties in the clashes they have been involved in.

Even the most committed of Ayatollah Khomeini's opponents, within Iran or in exile, do not see an early end to the Islamic order he has ushered in. But while such a lack of authority persists Iran remains prone to internal rebellion and, potentially, external aggression. In the words of one fearful senior official from a neighbouring country, a Soviet thrust against Iran could under conceivable circumstances "be portrayed as a stabilising act."

The wandering Persian

By ANDREW WHITLEY, recently on Contadora Island, Panama

AS HE MARKS the first, bitter anniversary of his fall from power, the former Shah of Iran is casting around for a seventh, and he hopes permanent, exile home. Not that there is anything wrong with the Panamanian island of Contadora. It is remarkably similar to the luxury jetsetters' hideaway he himself once owned, Kish Island in the Persian Gulf. But it is hardly the place the man who was once the most courted statesman in the western camp would wish to live out his remaining days.

Contadora is little more than a mile long by 600 yards wide and is rapidly becoming the island of Elba for this latter-day Napoleon. Dispirited and lonely the Shah spends his evenings playing solitaire and listening to the radio for news of his strife-torn homeland. With him is his wife, the former Empress Farah, and a few loyal retainers.

To get out of his predicament the Shah is heavily dependent on the Americans. It was President Carter's Administration which got him to Panama, in response to urgent appeals for help when his planned return to Mexico fell through at the last moment, and so it is now the White House which bears the main burden of trying *to find somewhere more* permanent. This must be done without exacerbating the already grave confrontation with the revolutionary regime in Iran.

The way in which the door to his return to Mexico, after medical treatment in the U.S., was suddenly and unexpectedly slammed in his face graphically illustrates the way in which the 61-year-old former monarch has become the wandering Persian of the western world, as opposed to the playboy he once was in the early days of his 37-year reign.

According to well-placed diplomats, the question of the Shah taking up permanent residence in Mexico was the subject of a running, unresolved dispute between the President, Sr. Lopez Portillo, and his Foreign Minister, Sr. Jorge Casteneda. The bait for Sr. Casteneda in sticking by his opposition to taking back the Shah is said to have been a Soviet offer to promote the Mexican candidacy to the vacant seat on the UN Security Council as a compromise choice between the deadlocked Cubans and Colombians. In the second *week of December* as a Shah aide was preparing the practical details for his return, the Mexican Foreign Minister publicly announced, reportedly without consulting the President first, that he was no longer welcome. Mexico got its seat on the Security Council and the Shah's plans were in disarray.

The way out was provided by Sr. Gilbert Lewis, Panama's representative to the UN, who owns Contadora, one of the few inhabited islands in the Archipelago de las Perlas, 20 miles off Panama's Pacific coast. The *Shah is now living in his house* on the island, a relatively modest four-bedroomed building surrounded by tropical jungle and magnificent sandy beaches. Security, provided jointly by the Panamanians and the Shah's own men, is predictably tight given the repeated assassination threats from members of the new regime in Iran. A helicopter gunship is parked on the island's undulating airstrip, next to the house.

Seaward access is blocked by a Panamanian naval gunboat. Two Americans living on the island described how they watched horrified one day as the sailors prepared to open fire on an unidentified light aircraft approaching the island. All visitors to the island are carefully screened before leaving the mainland and searched on arrival.

Keeping himself informed is apparently one of the Shah's main problems. He receives regular telephone briefings from his former ambassadors, in their countries of exile, just as in the old days; while other Middle Eastern monarchs still on their thrones, as well as other friends such as President Sadat of Egypt, reportedly call frequently.

On the surface relations with the Panamanian authorities are cordial. President Aristides Royo and the country's military strongman, General Torrijos, have resisted pressures to send the Shah back to Iran. The Shah was even offered the purchase of the island, for $4m, as a permanent home. The offer was rejected as it is clearly not an ideal solution to the problems of the wandering Iranian royal family. In the *past 12 months spells of vary*ing duration have been spent in Egypt, Morocco, the Bahamas, Mexico, the U.S. and now Panama where he arrived on December 16 after Mr. Hamilton Jordan, President Carter's aide, had cleared the way.

In the meantime scores of countries, large and small, ranging from Britain to Tonga have made it plain both in public and private that they do not want the problems associated with the Shah's presence on their territory.

As he begins his second year in exile there is no indication that the once all-powerful Shah is planning to make a come-back, either by diplomatic or military means. The possibility of his returning was for many months after the revolution an all-abiding obsession of Ayatollah Khomeini's followers; but the potency of the fear now appears to be ebbing. Instead, he has become the helpless fish on the hook of the U.S. discomfiture as Washington struggles to find a way out of the 10-week-long confrontation with the Ayatollah and his men.

Source: Turkish newspaper Cumhuriyet. Cartoon by ALI ULYI

MEN AND MATTERS

In the black with British Rail

The continuing saga of the oil crisis is at least good news to someone. Gilbert Armstrong, managing director of the Canterbury company Sunclex, has seen a large gamble pay off—the buying out of the 50 per cent stake in the concern held by Sun Oil of Pennsylvania. Sunclex is now totally British-owned.

"We were extremely lucky," says Armstrong. "The timing was right, and we also recognised the potential of British Rail's new oil-recycling process." Sunclex stands to clean up on a lucrative contract with BR, whose laboratory at Doncaster has perfected the first satisfactory method of "laundering" automotive oils. The process will be operated commercially by Sunclex.

At present waste oil is largely burned as a fuel. The new process, using coagulants and a centrifuge, enables the oil to be brought back to the original specifications.

Plant capable of handling 100,000 gallons costs £50,000, that using previous processes around £1m. BR stands to make at least £100,000 a year from royalties, apart from saving substantially on its own oil bill: recycled oil saves half the cost of diesel lubricants.

For the first time, says Armstrong, bus companies disposing of, say, 500 gallons of oil a week can recycle it economically. As things stand, the transport costs to one of the three so-called re-refineries make this uneconomic. "Another beauty of the process is that BR have proved that the recycled oil works on very expensive locomotives. We feel we have a platform on which we can develop it."

Gilbert plans to demonstrate the process in Manchester on January 23, and in Kent during February. Other units are planned. "We are not," says Gilbert, "aiming to scoop the pool, but we would think that over the next two years we should be handling 25,000 tons of oil in the UK."

Luck as well as judgement has certainly smiled on Sunclex, which has seen oil prices in Britain double since it bought its independence from Sun Oil. No doubt there will also be some dramatic improvement, too, on the company's 1978 turnover of £750,000.

No meanz yes

You have been warned: Heinz Goldman, author of the work How to Win Customers, and generally regarded as one of the world's top salesmen, is now busy selling himself in Britain. More precisely, he is selling a two-day course in London called The Art of Selling.

In the unlikely event of anyone not feeling inclined to pay around £100 to go along, the pamphlet advertising the course has a simple answer. "Selling," it says, "really begins when the customer says 'No'."

"The word 'No'," the pamphlet continues, "can lead to very great opportunities. . . . A clearly defined method is needed. It is based on a clear analysis of customers' buying resistance and motivations and is applicable to all types of industrial and consumer products."

It will be interesting to see how many people who said 'No' turn up.

In the bag

Jim Sutherland, who ruffled a few feathers in the advertising dovecote recently with a letter in this paper describing agencies as "parasites" and charging them with "narcissism," failed, through modesty, I assume, to mention the successful application of his own theories. In his role as agricultural sales manager of Abertay, an offshoot of British Gypsum, Sutherland has helped his company to its present position as the country's main supplier of paper sacks to the potato trade.

"They say run round in circles for a while."

When he joined the company about 10 years ago Abertay was mainly interested in sacks for non-agricultural industries. Now, according to Ian Fletcher, marketing manager, potato bags account for about 20 per cent of the company's business, and well over 1m tonnes of potatos go yearly to market in Abertay wrappers.

Sutherland found the key to promotional success at a farming demonstration in 1976, when he decked out pretty girls in tee-shirts emblazoned with the company title. Since then, similarly packaged young ladies have adorned the Abertay advertisements, which mingle incongruously but effectively with the small ads for buck rakes and mastitis cures in the farming Press. "Surrealism is not necessary. I believe in getting back to basics. The ladies in the tee-shirts help a lot," he admits.

He has also launched a successful company calendar. While it lacks the full-gloss appeal of up-market cheesecake—it is a somewhat smudgy black and white production—Sutherland claims to have sold a fifth of this year's 5,000 run at £1 a time.

Some pictures come from professional photographers, but Sutherland also takes a snap or two, he confides.

Bang on

A reader who makes regular visits to the Orient has found his new phrase book, Everyday expressions in Japanese, most helpful. It contains vital insights into attitudes to women, for example. The author, one Hideichi Ono, feels travellers will have occasion to remark: "She gives me the impression of cleanliness," and "She is generous, reserved, faithful, docile, and obedient." But what sort of visitor, my informant asks, will find the need to confess: "Watashi wa kare o kenju de koroshimashita—I killed him with a revolver."

Off the air

The Chinese authorities are vigorously continuing their efforts to limit the growth of the cult founded on the memory of the late Chairman Mao. In the latest move, Radio Peking has stopped broadcasting Mao's "anthem," The East is Red, as its station identification tune. Other provincial radio stations are believed to have followed suit, and in Hunan Province the cult song has been replaced with a traditional air.

Elsewhere, however, the melody lingers on — a recently inaugurated clock tower in Anhui Province chimes a few bars of The East is Red before *striking the hours.*

Drill bit

Heard in a Glasgow electrical shop: "Have you anything I can fit to my telly that will interfere with the neighbour's electric drill?"

Observer

THE GOVERNMENT'S OPERATION TO CUT CIVIL SERVICE STAFF

BY IAN DAVIDSON

Signs of foot-dragging in Whitehall

THE GOVERNMENT has launched two attacks on the Civil Service bureaucracy since last summer. Mrs. Thatcher called for straightforward cuts in the numbers of civil servants, with options of 10, 15 or 20 per cent; and she put Sir Derek Rayner, of Marks and Spencer, to work on a series of efficiency projects in all the major government departments.

So far, the results of the numbers-cutting exercise have been pretty feeble. Most departments declined to do any work on the higher options, and when the exercise was completed in December, it turned out that the total number of jobs which ministers had agreed could be "saved"—39,000—represented only about 6.5 per cent of the 600,000 white-collar civil servants, or something very close to the annual wastage rate. There were, of course, wide variations between departments, but in many cases there remained a margin of doubt whether the figures represented new savings, and if so, whether they represented firm and specific decisions or merely general targets.

Of course, if the Government does succeed in cutting the army of bureaucrats by even 6.5 per cent, that is not something to be sniffed at. In current money terms that corresponds to a saving of £212m a year, and at the rate Civil Service salaries are going up it could correspond to a lot more by the time the reductions become effective. Moreover, the process is not finished. It seems clear that there will be another staffing review exercise this year in the context of a new round of public spending cuts, so that Mrs. Thatcher may achieve what she failed to achieve the first time around. But while any substantial reduction in the numbers of civil servants must make a useful contribution to the Government's budgetary arithmetic—since wages and salaries for the staff of government departments amount to £3.7bn, or about 10 per cent of total public expenditure (and that does not include their pensions, which adds another £535m) the saving of numbers and of money does not by itself make the government machine more efficient. Indeed, according to the apologists for the *status quo*, it makes it less efficient, because departments cannot adequately carry out the duties imposed by Parliament, etc. But that is an over-familiar refrain which has by now lost most of its credibility.

Instructions

Sir Derek Rayner's programme is a different kettle of fish. Last summer, departmental ministers were asked to identify specific aspects of the operations of their departments which did, or might, need looking at. In each department a principal was put in charge of the project, with instructions to report back within 60 days to Sir Derek Rayner at the Cabinet Office, with analysis and recommendations.

As one might expect, the projects varied widely. In the Civil Service Department it was about whether other Civil Service departments should be charged for sending members of their staff to the Civil Service College. In the Energy Department it was about the organisation and management of research and development, especially in "new energy" technologies. In the Property Services Agency it was about energy conservation in new buildings. In the Department of Industry it was about the efficiency of the statistical services. In the Ministry of Agriculture it was about the procedures for giving capital grants to farmers. In the Defence Ministry it was about the cost of food for the armed forces.

In all, there were 29 such projects, and most of them were completed within the 60-day time limit. Since then there has been, at least officially, a deathly silence. Shortly before Christmas it was being said that Mrs. Thatcher was likely to make a triumphant statement in the Commons early in the New Year, followed by a detailed analysis by Sir Derek himself of the results and lessons of the programme. Now it seems the timetable has slipped, with no date for a statement. Despite the delay, most of the Ministers concerned have still not decided whether to accept the recommendations put forward by Sir Derek's surrogates in their departments.

One explanation for the delay in bringing this batch of Rayner projects to a conclusion is that many of the reports raise wide-ranging questions which go well beyond the original specific issues. In some cases I can see that this may well be at least part of the story.

Take, for example, the case of the Department of Health and Social Security. There the team was asked to look at the system by which social security benefits *are paid, to see whether it could* not be made simpler and less expensive. At present, virtually all benefits, with the exception of unemployment pay, are paid weekly, by orders which are generally cashed through a local post office. The question was first, whether the payments could be made less frequently, and second, whether the payments could be made by direct credit to a bank, building society or Post Office Giro account.

The report showed clearly that the present system is exceedingly expensive: approximately 1,000m separate social security payments are made each year, and the cost of making the payments in this way is about £250m. It also showed that Britain is out of step with most European countries: many of them pay benefits monthly, and the French are particularly tough in paying some benefits three-*monthly in arrears.*

Mr. Leslie Chapman, who cut waste in part of the PSA but failed to persuade the PSA to follow through. Right: Sir Derek Rayner

The DHSS team concluded that a change is possible and desirable. What seems to be holding up a decision is the fear that a shift to fortnightly or monthly payments would raise a great squawk from the recipients: a lot of people are used to weekly budgeting, and for some, like pensioners, the weekly visit to the post office is a valued social activity. In addition, there has been active lobbying from the Post Office, on the grounds that any reduction in frequency could have a damaging effect on the economics of maintaining some 3,000 sub-post offices.

At the Manpower Services Commission (MSC), the team looked at the 69 skill (training) centres scattered round the country. It found that many of them are under-used, and that a disappointingly low proportion of people who go through skill centre training actually find and keep jobs afterwards. The proposal is, therefore, that up to 20 of these centres should be closed.

There are two problems with this proposal, however, one specific, one general. First, that the least "productive" skill centres tend to be in areas of high unemployment. It could therefore be argued that *any* effort to provide training for employment is particularly useful in such areas, even if it is less efficient and more expensive than in low unemployment areas. Second, it is difficult to take a decision on skill centres except in the consideration of the controversial issue of industrial training policy generally.

One can see the force of the hesitations in both these cases—and it so happens that the MSC is due to review the 1973 Employment Training Act and the role of the industrial training boards. Also it is not as if any of the proposed changes would be likely to save much money: even if all the recommendations were accepted, the total would reach no more than £80m a year, with a further £50m on capital account. Ministers may not think there is a favourable trade-off between the savings and the unpopularity they might cause.

But I rather wonder whether the evidence of *general* foot-dragging does not also suggest a lack of support in the higher reaches of the Civil Service for the very notion of the Rayner programme. It is true that some projects raise large questions, but the largest question of all is raised by the programme as a whole: how is the bureaucracy managed, how should it be managed, how *can* it be managed?

At present, there are in theory two centres of management: inside management, by a Minister of his own department, and outside management, by the so-called partnership between the department and the Civil Service Department and Treasury dealing with staff and money. Neither works at all well.

Ministers may enjoy "making policy," or at least dealing with the recommendations of their senior civil servants; but few are attracted by the idea of managing their departments, in the sense of inquiring what is done, why it is done, whether *it could be done differently*, or not at all. This is partly because it brings little or no publicity, partly because it is difficult: Mr. Michael Heseltine, exceptionally, has made hay with his problems at the Department of the Environment in finding out what his umpteen thousand staff actually do, and it is no accident that his contribution to Rayner is a project to study the provision of this kind of management *information* to Ministers.

Exposure

Outside management is just as ineffective. The CSD is widely described as "feeble," but the point is that the departments systematically deny access to what they do. The novelty of the Rayner programme is that some unfortunate inside principal is forced to make himself extremely unpopular with some of his colleagues, by exposing their activities to Sir Derek and a handful of colleagues in the Cabinet Office, and ultimately to the outside world.

The heart of the problem is that the Civil Service has no tradition of, and I suspect no inclination for, systematically scrutinising its own activities. The notion that the Minister alone is responsible for this kind of management is obviously a fiction. The provision of more information would obviously help, and it is Sir Derek's intention to draft a basic management handbook to help Ministers deal with their management problems. But it cannot be really effective unless some system of permanent self-scrutiny is built into the permanent structure of the bureaucracy—and is accepted by the bureaucracy itself.

One element must be financial accountability. The Stationery Office is to start charging departments for the supplies it provides, but the much more expensive services provided by the Property Services Agency come "free," although we know from Mr. Leslie Chapman, formerly of the PSA, that for the word "free" we should read "extravagant." With responsibility for a complete financial package, the "Accounting Officer" in each department (otherwise known as the Permanent Secretary) could in reality become accountable.

But accountable to whom? Rayner's programme has stirred things up, and another 33 projects under discussion should do a bit more. But the task of management scrutiny should not be dependent on the passing interest of one business man and one Prime Minister. It can only be a dependable element in Civil Service thinking if the Commons is much more energetic in holding the executive to account. The conclusion of one man who has closely followed the Rayner programme is that Parliament has been negligent in the past, and should equip itself to keep up the pressure—and he is a civil servant.

Letters to the Editor

The price of gas

From the Director,
National Federation of Clay Industries

Sir,—If the proposed gas increases (January 12) can do something to reduce the burden put upon industries that are dependent upon energy, then perhaps it can be that people will be able to earn more and thus pay their gas bills more easily. If the proposed increases lead to domestic economy, then more of our finite gas resources can be available for export earnings.

Surely, it must make sense for some of the profits of British Gas to be used in research and development so that when North Sea oil and gas run out, we shall have new energy sources. One of these must be nuclear generated electricity and, therefore, it would be as well to assist those poor people who live in all-electric flats. It can only be crazy to have a price structure which penalises those who use the fuel of the future.

Industries such as those represented by this federation need clean gaseous fuels and if prices are allowed to rise as they have over the past few years and far outstrip domestic, we shall have centrally heated houses to be unemployed in.

One cannot expect the chairman of the National Gas Consumers Council (January 14) to see these arguments since the industrial consumer *is* simply not adequately represented on her council. This is not her fault. It is the fault of successive ministers who have appointed her members.

R. S. Redmond.
Weston House,
West Bar Green,
Sheffield, South Yorks.

Strategy for energy

From Mr. N. Jenkins

Sir,—Opposition to the building of nuclear reactors, in spite of its apparent strength, seems to have been dealt a severe if not stunning blow by the recent decision to go ahead with a new £2bn programme. Now, only a few weeks after the announcement, a survey of the major publications notes a virtual cessation of protest.

Before the situation becomes accepted as inevitable—although some measure of nuclear-powered generation is certainly unavoidable—a word of caution, if not protest, should be sounded in an area of even greater importance. The place of nuclear in relation to other proven methods using coal, oil or gas, to combined heat and power—CHP—to the alternatives of wind, wave, tidal, geothermal and fusion power, the imminent production of substitute natural gas—SNG—and to continuing well-funded energy research has yet to be spelled out.

Such energy strategy planning should anticipate individual industry policy statements but it is very evident from each announcement that government decisions on major policy developments in every case are made only one at a time and in the light, for instance, of the impact of coal shortage, of increased gas demand, of short-time working in the turbine industry . . . The impact of any one of these on overall national energy strategy appears to be neglected if not ignored, at least by correspondents and commentators. Heaven help us if the Government's advisers are equally unconcerned.

Where the Ministries certainly appear to be lacking in forethought, is in consideration of a new nuclear programme in relation to the real need for electricity. *As published data* show, the demand for electricity is falling—not necessarily because as a nation we are working less hard, but possibly for the contrary reason. Our "Save It" efforts have coincided with vastly increased efficiency in the use of electricity in improving lighting output, motor controls, astonishing reductions in consumption, resulting first from transistors and now chip devices in electronics. We have yet to equal the electricity demand of 1973, the year of energy trauma—and need not do so for years to come, especially if we continue to recognise the UK's former absurd and indeed stupid waste of fuel in using electricity for space and water heating.

Publication of fuel-use balance sheets related to capital expenditure, research effort and energy tariffs right across the whole field of strategy, could and should result in public reaction and greater involvement—and a more balanced view towards a realistic nuclear programme.

In view of the recent decision leapfrogging another—or at least government pronouncement—on the recommendations of last July from the Marshall Committee on CHP, one wonders whether the electricity industry could face complete disclosure—bearing in mind the appalling record of forecasting errors in the last 30 years. It is not what is disclosed that is important, it is the hidden implications that are so profoundly disturbing. What, for instance, is to be the fate of the dozen turbines now being built for the 7,600 MW oil and gas-fired stations still incomplete? It is a small point, perhaps, one of a number of associated issues, but this involves somewhere between £760m and £2.26bn. If these turbines cannot be used in the new nuclear stations, why not?

We should be given the facts on which to evaluate all major decisions affecting energy strategy. Either the electricity industry is hiding major evidence, or it has too much confidence in the eventual outcome—not of its own forecasts but the irretrievable position into which the nation can be manoeuvred. In the meanwhile, this industry, *virtually alone* without change, will continue to waste the same proportion—and mind-boggling total—of fuel as before 1973, two tons for every one turned into electricity. Much the same could be said of gas and plans for SNG. Competition between these industries is destructive of the national interest: more than ever there is a growing need for an independent Energy Council to replace the Electricity Council.

Norman Jenkins.
Whitehill,
Ewshot,
Farnham,
Surrey.

Transport policy

From Mr. M. Kerridge

Sir,—Anatole Kaletsky does the economics profession, as well as public transport operators, a great service by his Lombard column of January 11. That economists have been too timid or too apathetic to argue unfashionable views, even when it is patently in the public interest for them to do so, should be a source of shame to the profession in general.

The case for subsidising public transport is clearly made by Mr. Kaletsky, and although he talks mostly of railways the economic argument for subsidising bus services is the same—and, compared with rail, buses are the major carrier. Non-users as well as users benefit from bus travel as without it congestion in many towns and cities would be intolerable and energy use would increase. His second argument, regarding economies of scale, also applies to bus transport. If a certain minimum level of bus service *is provided, and runs to a time*-table, then if the bus is not full the cost of carrying an extra passenger is minimal. Yet, at present fares, many people have had to reduce the number of trips they make on buses that are ostensibly provided for their benefit, and which are all too often running with spare capacity. Such enforced lack of mobility, or uneconomic diversion to car travel, is a drain on our economy and a diminution of the quality of life.

The bus industry, like the railway, has however to be realistic. Funds are provided grudgingly in response to deficits and are constantly under threat. Nevertheless the economic benefits from a change in policy are demonstrable and social benefits, too, would follow. In Sweden, a national transport cost benefit study led to a substantial reduction in railway fares. While this confederation should be — and is — arguing the economic case for subsidies in the public interest, we need to find immediate ways of moving towards more rational public transport planning.

In this context, British Rail's recent suggestion of a "little Neddy" for transport is to be welcomed. For our part, the bus industry has long sought to impress on national and local government that giving priority for public transport in congested town centres can achieve at low cost some of the benefits that would be derived from subsidy. This is because quicker services reduce costs and attract passengers. At the same time, a new approach to subsidies and pricing policy *based on economic* benefit needs to be developed for all public transport to replace the ad hoc approach which has led to the present position.

Martin Kerridge
Confederation of British
Road Passenger Transport,
Sardinia House,
52 Lincoln's Inn Fields, WC2

Small firms' voice

From the Deputy Director General, Confederation of British Industry.

Sir,—The myth that the CBI represents only large firms dies hard, as your article "London's smal business communities tries to make its voice heard," (January 7) shows. We never cease explaining that by far the greater part of the membership of the CBI consists of firms of modest or very modest size, but for some reason the message seems very slow in getting through.

The bye-laws of the CBI require the director-general "to ensure that the problems of small manufacturers are being sufficiently considered and dealt with." This is an obligation the CBI takes very seriously. We have a smaller firms directorate which devotes all its efforts to the problems of smaller firms. We have a council of smaller firms, and the constitution ensures that smaller firms have representation on all our central policy-making committees and on our regional councils. These arrangements, backed as they are by all the facilities and all the authority of the CBI, provide unsurpassed representation for the smaller firm.

A number of Chambers of Commerce are already in membership of the CBI. Their subscription is low, being only a few pence more than £3 per member of the Chamber, which, contrary to what was said in your article, could scarcely be regarded as too much for any organisation to pay.

There is thus no need for the small business community to cast around for a means of making its voice heard. The CBI can and does already perform that function admirably.

Edward James.
21 Tothill Street, SW1.

Attitudes to participation

From the Director,
Industrial Participation Association

Sir,—Mr. Walter Goldsmith (Jan. 9) is to be congratulated on drawing attention to some of the paths which companies can and should follow in improving their relationships with their employees. Those who have most experience of participation will say, however, that what matters even more than practices and structures is the question of attitudes. Structures by themselves do not achieve much if those who operate them do not have the right motivation.

The attitude of top management is critical, and Mr. Goldsmith is right to say that the board of directors must take the lead. But shop floor and trade union attitudes are important also. Participation is not a one way street.

Participation is most likely to succeed when it is jointly designed. The initial impetus will usually come from management, but employees at all levels, and their representatives, should be involved from an early stage in deciding what form participation should take, and in planning its implementation. That is the only way to ensure the degree of mutual respect and understanding, and the will to co-operate for common purposes, that are essential for participation to be effective. Many of the most successful participation agreements have been prepared by joint working parties. These provide also the basis for a joint initiative in individual companies, carrying as they do a broad measure of support in both management and trade union circles.

D. Wallace Bell.
78, Buckingham Gate, SW1.

Today's Events

GENERAL

UK: Sir Keith Joseph, Industry Secretary, opens conference on Finniston Report on engineering profession, City University, EC1.

Sir John Greenborough, Confederation of British Industry president, opens conference on Economic realities—the woman's role, London.

Iron and Steel Trades Confederation full executive decides on private sector strike.

Meccano Liverpool plant unions meet in London to discuss opposition to closure plans.

Birmingham Chamber of Commerce seminar on the changing nature of Middle East trade.

Overseas: Lord Carrington, Foreign Secretary, in Delhi.

OPEC Finance Ministers meet, Vienna.

PARLIAMENTARY BUSINESS

House of Commons: Motions on Rate Support Grant Orders. Motion on Value Added Tax (International Services).

House of Lords: Debate on obscenity and film censorship. Short debate on future of *hospital services in Omagh.*

Select Committees: Education, Science and Arts. Subject: Funding and organisation of higher education. Witnesses: Dept. of Education and Science. Room 13, 10.30 am. Industry and Trade. Room 16, 10.45 am. Foreign Affairs. Subject: FCO Organisation. Witnesses: Foreign and Commonwealth Office. Room 5, 10.45 am. Social Services: Subject: Perinatal and neonatal mortality. Room 8, 4.30 pm.

OFFICIAL STATISTICS

Index of industrial production for Wales, third quarter. Indices of average earnings (November). Indices of basic rate of wages (December).

COMPANY MEETINGS

Ace Belmont International, Swinemoor Lane, Beverley, 10. Amalgamated Tin Mines of Nigeria, Winchester House, EC. 3.30. Burton Group, Hudson Road Mills, Leeds, 11.

COMPANY RESULTS

Final dividends: Albion. Amalgamated Tin Mines of Nigeria. Countryside Properties. Thomas French and Sons. Reo Stakis Organisation. Trusthouse Forte. United States and General Trust Corporation. **Interim dividends:** Allied Colloids Group. Letraset International. Magnet and Southerns. Stock Conversion and Investment Trust. Tate and Lyle. Western Board Mills. **Interim figures:** Gnome Photographic Products.

£4m increase from SGB

A STRONG performance in the UK helped to push up taxable profits of SGB Group from £10.69m to £14.51m in the year to September 29, 1979, on increased turnover of £119.34m, against £93.81m.

The pre-tax surplus of the construction plant and services concern was struck after interest and dividends received of £206,000 (£62,000), and interest charged of £2.65m (£1.66m).

At midway, profits were up from £4.43m to £6.12m. The directors said the improvement was mainly due to the UK companies and this trend was continuing, promising a good full-year performance.

They now say the four major operating divisions in the UK made substantial progress in the year, each increasing profits by over 40 per cent. Overseas, the profit was slightly better than last time, even after making additional provisions against certain overseas investments.

The net total dividend is stepped up from 6.3p to 8.25p, with a final of 5.1p. A four-for-five scrip issue is also proposed. Stated earnings per 25p share are up from 43.8p to 49.5p.

The tax charge is sharply higher at £3.2m, against £0.77m. Attributable profit came through at £10.96m (£9.5m), after minorities of £0.35m (£0.43m).

See Lex

Hanson Tst. policies for future

Hanson Trust expects to ensure higher profits and turnover throughout the 1980s by increased investment in energy and other basic commodities, Sir James Hanson, the chairman, said after yesterday's annual meeting.

Over the next decade, heavy investments would be made in oil, bricks and other commodities, especially meat, Sir James added.

The first quarter of 1980 had shown higher profitability throughout the company, led by the fresh meat market in the U.S., finance director Mr. Brian Hellings added.

Diamond Stylus halved

REFLECTING difficult trading conditions, particularly in the U.S., pre-tax profits of The Diamond Stylus Company were more than halved in the six months to September 30, 1979, falling from £80,116 to £37,369.

The directors of the group, which manufactures and distributes diamond-tipped gramophone needles, point out that the strength of the pound operated against them in the U.S., but say they are encouraged by subsequent trading.

The interim dividend is virtually the same, at 0.2964p (0.2873p) net—a final of 0.5947p was paid last year on total profits of £251,586 (£204,061).

Turnover for the six months slipped from £768,400 to £741,843. After tax and a small firms employment subsidy £2,370 (£2,145), net profit emerges as £17,937 (£38,456). Last year's figure included a temporary employment subsidy of £5,750.

The surplus also includes a share of the profits of 50 per cent-owned associate Elgin Diamond Products (Euroipe).

RKT boosts payout 650% while slipping £276,000

A SHARP downturn in the second half left taxable profit of Robert Kitchen Taylor £276,000 lower at £1,903,000 for the year to September 30, 1979. However, stated earnings per 10p share emerged 1.2p higher at 34.7p and the net total dividend is being stepped up near 6¼ times.

Sales fell from £20.11m to £17.02m.

The company, whose activities include knitwear manufacture and textile merchanting, is now placing increasing emphasis on its autumn business.

As a result, it is expected that the pattern of profits will revert to that seen in earlier years when the major contribution came in the second half.

This contrasts with 1978-79 when £1.01m (£581,000) came in first half and £895,000 (£1.6m) in the second six months.

The improvement in earnings was due largely to the purchase of the minority interests in RKT Textiles, and were after a tax charge of £677,000, against £779,000.

A net final of 7p lifts the total to 10p compared with 1.5435p.

At midyear the directors said that on the basis of current trading they were confident but did not expect profits to be ahead of the previous year's record.

For the 12 months the directors consider the company performed satisfactorily in the difficult trading conditions prevailing in textiles.

Merchanting and thermal underwear continue to strengthen their market positions they say. Further investment in thermal underwear is being made both in the UK and in the successful American subsidiaries.

Since year end trading has not been easy and £150,000 has been provided in the accounts, as an extraordinary item, to relocate some activities and curtail others. The full benefit from these moves will be realised in 1981, the directors add.

As already known cash reserves of £1.3m are also being used to acquire, for trading purposes, a package of six properties in Central London for £0.61m.

After minorities of £29,000 (£236,000) and the extraordinary debits (£93,000 credit) attributable surplus came out at £1.06m, against £1.26m.

A professional valuation of the company's factories on September 30, at £1.8m, showed a £1.1m surplus over book value.

● comment

A 650 per cent boost to 10p for the full year is Robert Kitchen Taylor's way of celebrating the end of dividend controls. Despite record profits in 1978, the payout was still constrained by passed dividends in previous years. This year marks a return to more realistic levels, yielding 10.1 per cent at 148p, up 20p, and covered three times. Profits are down, due to a worse year in textile merchanting, when the company found its fashion sense failed to match market demand. But nervous eyes need not look back to the 1975-76 crash. Damart thermal underwear provides a firm manufacturing base, where demand is currently growing at some 30 per cent annually. The company is also seeking to stabilise earnings by the acquisition of long-lease central London office property. The small rise in earnings per share reflects the bargain the company got by buying out minority shareholders in RKT Textiles. It paid some £800,000 for the shares, and has seen over £300,000 earnings in this year alone. P/e on stated earnings is 4.4, reflecting the stagnant profits. But overdue revaluation of office property could provide a useful asset boost.

HIGHLIGHTS

It was another busy day on the stock market as both gilt-edged and equities settled down after the previous day's sharp rise. Lex looks at Hill Samuel's decision to withdraw from Germany, which comes only weeks after Kleinwort Benson's move to buy a German bank. Full year figures from SGB show impressive growth, though the shares slipped on the market's disappointment over the dividend. Finally Lex considers Consolidated Gold Fields' diversification plans in the light of its U.S. acquisition. On the inside pages there are comments on Gough Cooper, Status Discount, Brooke Tool and Wellman Engineering. Redundancies at Lesney mark another downhill milestone in the UK toy industry, while issue news includes the rights issue from Premier Oil and the offer by Keep Investment Trust.

ISSUE NEWS

£4.2m rights as recovery is forecast by Premier Oil

Premier Consolidated Oilfields yesterday announced a £4.2m rights issue and said it was planning to lead an oil exploration consortium in a bid for new licences in one of the most attractive areas of the North Sea.

Mr. Roland Shaw, chairman and managing director, said that the group would be seeking new aycreage in the central part of the North Sea. This is the area where the Energy Department is expected to offer licences on a lovel type of auction basis.

Bidders will be asked to specify the blocks they would like to see offered and the conditions they would be prepared to accept. It has been suggested that companies might be asked to submit a cash bid but this idea has been attacked as unworkable by the UK Offshore Operators Association.

Premier hopes to be the operator of a group comprising mainly British companies in this area of the North Sea. In addition it is expected to join another consortium with major U.S. interests for a bid in the English Channel area.

Mr. Shaw said the company was heartened by the indication from Government that smaller UK companies would be given a reasonable proportion of the blocks to be offered in the next, seventh, round of licences.

Premier, which has been involved in the drilling of six dry wells in the the North Sea so far, is plannign investment in two further wells this year: in Shell/Esso's block 29/15 and in its own group's 29/8B concession. Both are close to Shell/Esso's Fulmar and Auk fields.

In addition Premier will begin drilling in May the first well on its promising onshore concession in Sutherland, Scotland, close to the inshore Beatrice field.

Much of the £4.2m raised by the one-for-four rights issue will go towards the group's drilling programme this year.

Mr. Shaw said that Premier was likely to have a stake in 26 to 30 new wel drilled worldwide. Most of these will be sunk in the U.S., in Texas and the Rocky Mountain Overthrust area, but there could be one or two gas wells drilled in Italy and an exploration well sunk in Australia.

Mr. Shaw said that he expected the group to move into the black by the end of the current year. The company incurred a net loss of £104,646 at the halfway stage in December 1979.

The group had considered the possibility of selling part of its £8.2m stake in LASMO, but decided to hold it for long term benefits.

In the market, the hares rose to 48p where the discount stands at 47.9 per cent. The hares have risen very sharply n the last few weeks—they ere 37p in December when the funding was first planned—whic the company says is why the issue is being underwritter despite the very large discoun.

The bankers to the issue are Arbuthnot Lathar.

● comment

Premier's rights document is meticulously detiled on current developments ard it is probably for this reason hat the market held the price firm yesterday instead of easng it back. The company has aad some recent successes in ne States and has interests in a eries of promising areas includng a natural gas project in Ialy and large tracts of land in exas and Utah. One of the mtives behind this rights issu may be a desire to arrange fc a strong balance sheet by ne time the Seventh Round tkes place (probably before My). The group has borrowins of less than £0.5m and will pay them off shortly. Premier is a capital growth company which has been building up a significant base, but ma not be a major profits earner for some years. The group's decision to hold on to its LAMO stake should prove lucrative in the future.

Keep Investment coming to the market on Monday

BY TIM DICKSON

Shares in the Keep Investment Trust, only the second new investment trust to be launched since 1973, are to go on sale to the public next Monday.

Altogether 10m ordinary shares of 5p are to be offered for subscription at 10p per share payable in full on application. The directors say firm undertakings to apply have already been received for 7m shares or 70 per cent of the praposed issue. If successful the new issue will raise £1m.

The prospectus for the new issue reveals that trust funds will be invested mainly in a range of listed ordinary UK shares—the aim will be to create "a balanced portfolio to achieve a satisfactory growth in income and capital appreciation."

The chairman of Keep is Mr. Bernard van Engel, senior partner of Milnes, Lumby Bustard, a firm of Liverpool stockbrokers. The other directors are Mr. G. P. C. Howard, an executive director of Arrow Chemicals Holdings (formerly Reabrook Investment Trust); Mr. Jonathan Chaytor, senior partne of Chaytor Steele and Company, a firm of Liverpool charterd accountants; Mr. William Wals, a partner with Milnes, Lumby Bustard; and Mr. Simon Dole, a Windsor solicitor.

Stockbrokers to the issue are the London firm of Raphael, Zorn. Mr. Michael Tollemache, of Raphael, Zorn explaind last night that Mr. Howard and certain of his friends and backers thought it was a good time to launch a new investment trust. "With interest rtes high and markets on the low side, it semed a good moment to do something like this," he said.

Mr. Tollemache added that the directors felt it was a good time to "test the water." A number of Raphael, Zorn's clients have agreed to subscribe to the new issue.

Referring to the investment trust sector, where share prices currently sell at an average discount to assets of more than 30 per cent, Mr. Tollemache agreed that "there was not much chance of anything exciting happening to shareholders unless there was a takeover." He added, however, that he thought investors would be attracted to the management of Keep.

The last new investment trust to be launched was Fulcrum Investment Trust in May last year. Before that there had been no new launches since 1973.

Wellman advances but steel strike spoils full year forecast

DESPITE disruption resulting from the engineering dispute, pre-tax profits of Wellman Engineering Corporation advanced from £338,970 to £544,698 in the six months to September 30, 1979.

Successful efforts are being made to overcome the effects of the strike and higher interest rates, say the directors, and there would have been grounds for optimism that the forecast of a £2m surplus for the full year could still be met. But they point out that no estimate can be made of the damaging effect of the current steel strike.

The interim dividend is raised from 1.265p to 1.6p—last year a total of 2.675p was paid on total pre-tax profits of £1.03m (£1.55m).

The six months' surplus includes seven weeks' contribution from a new U.S. subsidiary and is struck after a halving of investment income from £112,521 to £66,833, and associates' losses of £23,917 (£21,422). Tax takes £287,127 (£158,845), leaving stated earnings per 25p share up from 1.6p to 2.29p.

As in previous years, the 39.7 per cent owned Indian subsidiary has made a loss in the first half, but the directors anticipate that its full year's trading will be profitable.

Following an unsuccessful takeover bid last year, Redman Hennan International owns 28.9 per cent of Wellman.

● comment

Events since August have arguably made Wellman's entry into the U.S. coal gasification market more important than ever. It had become fairly clear during the battle against Redman Heenan's 70p-per-share offer that Wellman was going ex-growth in the UK and since then the group has had to weather the engineering strike and now contemplates a prolonged steel dispute. The defence target of £2m pre-tax this year is going to be hard to hit. The interim forecast has been passed with something to spare but profits have probably been clipped by some £200,000 in the eight months to the end of November and the impact of the AEWU stoppage is by no means over. Worse, shortages in special steel categories are already making themselves felt. The route into North American energy conservation through the £5.17m acquisition of IHBD, however, has also been blocked, if temporarily, by strikes. Caterpillar's plant at York, Pennsylvania, was to provide the sales showpiece for Wellman's coal gasification equipment but Caterpillar's own industrial problems meant that the plant has been closed since September and was finally commissioned only last week. The gamble (as Redman saw it at least) has yet to pay off. Meanwhile, the erstwhile bidder still retains 28.9 per cent of Wellman's equity, although a prospective yield of almost 10 per cent suggests that the share price of 50p, unchanged yesterday, is not unduly artificial.

Concentric makes good start

The first three months at Concentric were up to expectations and the future had been set fair for a satisfactory year. However no one knew when the steel strike would end or what effects it would have on industry generally, said Mr. John Perks, speaking at the AGM for the first time as chairman.

He commented that the company had a management team and labour force that was able to respond speedily, so it was well set to meet whatever situation arose.

"We believe that those companies which invest now will have the edge over those who do not. Consequently we are not changing our plans to invest about £2 to enhance existing technologies and provide funds to develop and utilise new technologies."

As part of its expansion policy the group acquired Henley Foundries, manufacturer of grey iron castings, in October: "It looked as if we were going against the stream, but we believe that this purchase may well prove to have been a very profitable acquisition.

"On a much smaller scale, we have moved positively into the manufacture of electronic and micro-processor controls.

Yearlings fall to 15%

The coupon rate on this week's batch of local authority one year bonds has dropped ⅛ths of a point to 15 per cent. The bonds are issued at par and mature on January 21, 1980.

This week's issues are:—City of Aberdeen (£½m), Cannock Chase District Council (£½m), Cotswold District Council (£½m), Highland Regional Council (£1m), Monklands District Council (£½m), City of York (£½m), Birmingham District Council (£2m), Fife Regional Council (£½m), City of Glasgow District Council (£1m), South Staffordshire District Council (£½m), Royal Borough of Kensington and Chelsea (£1m), Knowsley Metropolitan Borough Council (£1m), South Yorkshire Passenger Transport Executive (£½m), Tunbridge Wells Borough Council (£½m), City of Lincoln (£½m), Rushmoor Borough Council (£1m), Bury Metropolitan Borough Council (£½m), Castle Morpeth District Council (£½m), Kirklees Metropolitan Borough Council (£½m), City of Wakefield Metropolitan District Council (£½m), Borough of Llanelli (£150,000), Maldon District Council (£½m), London Borough of Newham (£½m), City of Bradford Metropolitan Council (£1m), West Oxfordshire District Council (£½m), Boston Borough Council (£½m), Colwyn Borough Council (£½m), Borders Regional Council (£½m), London Borough of Brent (£½m). City of Chester (£¾m), Gateshead Borough Council (£½m), Metropolitan Borough of Rotherham (£1½m).

The City of Coventry has raised £1m of 15⅞ per cent bonds at par dated January 13, 1982.

New policies aimed at stopping profits slide at Carpets Intl.

CARPETS INTERNATIONAL, which reported a sharp fall in profits in the first half of 1979, is to re-structure its management organisation and introduce greater central supervision of its UK subsidiaries, it announced yesterday.

Mr. J. M. Carpenter, the group chairman, in announcing the new management control policy, said: "Trading conditions are changing substantially, as witnessed in 1979—a difficult year for the carpet industry."

But he said that Carpets International had unique abilities to maintain leadership in the market place and combat the threat of rising imports.

A poor export performance and increased import penetration badly hit CI's 1979 interim results. CI's profit before taxation fell by rather more than half, from £1.4m to £670,000 for the half year to June 30. Sales rose from £56.84m to £58.67m in value terms but were static when measured by volume.

CI said at the time that exports had been adversely affected by the strength of sterling, making a pre-tax loss of £170,000 compared with a pre-tax profit in the first six months of 1978 of £220,000.

Exceptional cots of £400,000 had also been icurred in the setting-up of a chromotronic labour-saving coour process but technical problims had largely been ironed-out.

Then, in December 1979, the Carpets Manufacturing Company, a subsidiary of CI, announced a re-structuring plan which involves the loss of 230 jobs at Kidderminster where it employs 2,700 people.

Under the new structure of CI the group chairman, Mr. Carpenter, will preside over the group executive committee and a newly formed operations review committee. The latter will review strategic plans and budgets.

CI said that other steps were being taken to strengthen the central management structure of the group and new appointments would be announced soon.

Previously Mr. Arthur Whitehead, chief executive of UK operations of the group, headed the group executive committee. CI announced yesterday, however, that he had resigned from the company on medical advice. There are no plans to appoint a new chief executive.

Mr. Carpenter said that the new approach towards management gave the company more flexibility and it would be able to respond more quickly to changing circumstances, and apply group resources more effectively to the growth areas with the highest profitability.

SPAIN

January 15	Price %	+ or −
Banco Bilbao	205	
Banco Central	220	
Banco Exterior	209	−3
Banco Hispano	208	−2
Banco Ind. Cat.	135	−1
Banco Madrid	175	
Banco Santander	239	
Banco Urquijo	172	−5
Banco Vizcaya	209	
Banco Zaragoza	205	
Dragados	100	
Espanola Zinc	58	
Fecsa	57.2	+0.7
Gal. Preciados	38	+3
Hidrola	61.5	−0.2
Iberduero	60.7	+0.5
Petroleos	113	
Petroliber	73	−
Sogefisa	115	
Telefonica	53.5	−1.2
Union Elect.	62.5	+1.3

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
Brown Shipley	17 %
Canada Perm't Trust	17 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	18½%
First Nat. Secs. Ltd.	18 %
Robert Fraser	18 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	18½%
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Shenley Trust	19 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.320	—	—	6	4	—	—	F.304
AKZ C	F.22.50	—	—	—	—	5	5	F.23.50
AKZ C	F.25	—	—	—	—	15	1.60	"
AKZ C	F.27.50	—	—	194	0.50	5	0.80	"
AKZ C	F.30	—	13	0.20	—	—	—	"
AKZ P	F.22.50	—	—	—	—	1	0.90	"
AKZ P	F.25	20	1.20	—	—	10	2.40	"
AKZ P	F.27.50	25	3.80	20	4			"
ARB C	F.66	—	—	26	2	—	—	F.64
CSF C	F.440	10	75	10	79	—	—	F.515
CSF C	F.480	—	—	3	44	2	58	"
EK C	$45	20	2⅝	—	—	—	—	$45⅞
EK C	$50	—	—	50	2¹⁄₁₆	—	—	"
HO C	F22.50	15	1.30	—	—	1	3.20	F.28.40
IBM C	$60	—	—	10	8¾	—	—	$67⅞
IBM C	$65	5	2½	3	5⅝	—	—	"
IBM C	$70	3	¼	10	3¼	—	—	"
KLM C	F.70	6	1.20	20	4.80	6	7	F.70.70
KLM C	F.80	—	—	56	1.80	17	3.30	"
KLM C	F.90	—	—	200	0.40	—	—	"
KLM P	F.70	101	1.20	23	4	8	5	"
KLM P	F.80	10	9	5	10.30	2	11	"
NN C	F.100	4	20	—	—	—	—	F.120
NN C	F.110	15	10	—	—	—	—	"
NN C	F.115	46	4.70	25	6.50	—	—	"
NN C	F120	67	0.20	—	—	—	—	"
NN C	F.125	—	—	24	2.50	—	—	"
PET C	Fr.5600	1	130	—	—	—	—	Fr.5690
PET C	Fr.6000	8	4	1	2.05	—	—	"
PHI C	F.20	1	0.60	101	1.60	57	1.90	F20.50
PHI C	F.22.50	—	—	10	0.50	1	0.90	"
PHI C	F.25	—	—	145	0.20	5	0.40	"
PRD C	$25	10	⅝	—	—	—	—	$25
RD C	F.140	80	5.10	2	10	10	11	F.145.60
RD C	F.145	269	1.20	29	6.20	—	—	"
RD C	F.150	23	0.10	203	3.80	30	4.90	"
RD C	F.160	—	—	67	1.20	—	—	"
RD P	F.135	78	0.10	—	—	—	—	"
RD P	F.140	—	—	2	1.90	—	—	"
RD P	F.145	80	0.80	21	3.80	—	—	"
RD P	F.150	183	4.50	4	6.30	—	—	"
RD P	F.160	5	14.50	31	15	—	—	"
UNI C	F.110	—	—	20	11	—	—	F.117.30
UNI C	F.115	20	1.90	—	—	—	—	"
UNI C	F.120	20	0.10	1	4.50	5	4.70	"
UNI C	F.125	—	—	—	—	5	2.50	"
XRX C	$60	3	3⅝	—	—	—	—	$55⅝
		Feb.		May		Aug.		
BA C	$40	30	18½	—	—	—	—	$58¼
BA C	$45	—	—	10	14	—	—	"
BA C	$50	8	8½	—	—	40	11¼	"
BA C	$60	—	—	11	4⅞	—	—	"
SLB C	$80	5	17	—	—	—	—	$96½
SLB C	$100	10	2½	—	—	—	—	"
		March		June		Sept.		
GM C	$60	—	—	—	—	10	2½	$55½
TOTAL VOLUME IN CONTRACTS						2759		

C=Call P=Put

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for all the 10,000,000 Ordinary Shares of 5p each of The Keep Investment Trust Limited hereby offered for subscription to be admitted to the Official List.

A copy of this Prospectus, having attached thereto the documents specified in paragraph 7 (b) below, has been delivered to the Registrar of Companies for registration.

The Keep Investment Trust Limited

Offer for subscription of 10,000,000 Ordinary Shares of 5p each at 10p per share payable in full on application

The subscription list for the Ordinary Shares now being offered will open at 10.00 a.m. on 21st January 1980 and will close at 3.00 p.m. on 31st January 1980.

THE KEEP INVESTMENT TRUST LIMITED
("the Company")
(Incorporated in England under the Companies Acts 1948 to 1976)
(Company Number 1432636)

SHARE CAPITAL

Authorised		*Issued and to be issued fully paid (if offer fully subscribed)*
£		£
500,000	in Ordinary Shares of 5p each	500,000

INDEBTEDNESS
At 16th January, 1980, the Company had outstanding no loan capital and no borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances, normal trade bills or acceptance credits, mortgages, charges, hire purchase commitments, or guarantees or other material contingent liabilities.

FIRM UNDERTAKINGS
Firm undertakings to apply have been received in respect of 7,000,000 shares. These will be accepted in full unless the offer is over-subscribed, in which case these acceptances will be scaled down pro rata to total applications received.

DIRECTORS
Bernard van Engel, J.P., Flat 11, The Garth, Waterford Road, Oxton, Birkenhead.
Greville Patrick Charles Howard, Castle Rising, Kings Lynn, Norfolk.
Jonathan Chaytor, F.C.A., 11 The Paddock, Aughton, Ormskirk, Lancs.
William Anthony Walls, 36 Hesketh Road, Southport, Merseyside.
Simon Dudley Doyle, 51 Alma Road, Windsor, Berkshire.

SECRETARY AND REGISTERED OFFICE
William Henry David Lumby, F.C.A., Martins Building, 4 Water Street, Liverpool L2 3UF.

REGISTRARS AND TRANSFER OFFICE
Hodgson Morris & Co., Registrars Department, 41 North John Street, Liverpool L2 6SE.

BANKERS
Coutts & Co., 1 Old Park Lane, London W1Y 4BS.

BROKERS
Milnes Lumby Bustard, Martins Building, 4 Water Street, Liverpool L2 3UF
Raphael, Zorn, 10 Throgmorton Avenue, London EC2N 2DP.

AUDITORS AND REPORTING ACCOUNTANTS
Price Waterhouse & Co., Chartered Accountants, Silkhouse Court, Tithebarn Street, Liverpool L2 2LJ.

SOLICITORS
Herbert Smith & Co., Watling House, 35/37 Cannon Street, London EC4M 5SD.

INTRODUCTION

The Directors have established that there is a certain demand for a new investment trust and have formed the Company with a view to meeting this demand. Interest in the Company has been expressed by a number of prospective investors and as stated above the Directors have received firm undertakings to apply for 7,000,000 shares representing 70 per cent. of the proposed issue.

INVESTMENT POLICY

The Directors intend to invest the funds available mainly in a range of listed ordinary shares, primarily of companies incorporated in the United Kingdom. Their aim will be to create a balanced portfolio to achieve a satisfactory growth in income and capital appreciation.

The Directors intend that the Company will so conduct its affairs as to satisfy the conditions required for it to be approved as an investment trust in accordance with section 359 of the Income and Corporation Taxes Act 1970 (as amended). Accordingly, the Company will not retain in respect of any accounting period more than 15 per cent. of the income it derives from shares and securities. The distribution as dividend of surpluses arising from the realisation of investments is prohibited by the Company's Articles of Association.

Not more than 10 per cent. of the assets of the Company or, if the Company has any subsidiaries, of the Company and its subsidiaries ("the Group") (before deducting borrowed money) will be lent to or invested in the securities of any one company (other than those of another investment trust which has been approved by the Inland Revenue or which would qualify for such approval but for the fact that it is not listed) including loans to or shares in any subsidiary of the Company.

Not more than 15 per cent. of the assets of the Company or Group (before deducting borrowed money) may be invested in

(a) securities not listed on any recognised stock exchange (for this purpose securities dealt in "over-the-counter" in the United States of America and Canada are treated as listed securities); and

(b) holdings in which the interests of the Company and any subsidiaries of the Company exceed 20 per cent. of the aggregate of the equity capital (including any capital having an element of equity) of any one listed company (other than another investment trust which has been approved by the Inland Revenue or which would qualify for such approval but for the fact that it is not listed).

TAXATION

The Directors will ensure that the Company will not be a close company immediately following the completion of the issue now being made. On the basis that the Company is approved as an investment trust in accordance with section 359 of the Income and Corporation Taxes Act 1970 (as amended), any chargeable gains realised by the Company will, under the existing system, be chargeable to corporation tax at the rate of 10 per cent. Under existing legislation, a shareholder disposing of his shares in the Company would be entitled to a tax credit of up to 10 per cent. of the amount of any gain, computed in accordance with section 94(4) of the Capital Gains Tax Act 1979. Any prospective shareholder who is unsure about the significance for tax purposes of an approved investment trust should consult his own tax adviser.

DIRECTORS

Bernard van Engel, J.P., (aged 67) the Chairman, is the senior partner of Milnes Lumby Bustard, members of the Stock Exchange, and has been a member of The Stock Exchange since 1946. During this period he served as a member of the Committee of the Liverpool Stock Exchange. He is non-executive chairman of Arrow Chemicals Holdings Limited ("Arrow"), formerly Reabrook Investment Trust Limited, of which he has been a director for 15 years.

Mr. G. P. C. Howard (aged 38) has been an executive director of Arrow for 3 years. Prior to that time he worked in the investment management field, where he was an investment analyst for a major Unit Trust group, and subsequently in the corporate finance field, before joining Arrow.

Mr. J. Chaytor (aged 42) has been a non-executive director of Arrow for 10 years. During this period he gave investment advice to the Board. He is senior partner of Chaytor Steele & Co., of Liverpool, chartered accountants, and manages a portfolio of trusts on behalf of clients.

Mr. W. A. Walls (aged 40) is a stockbroker and a partner in the firm of Milnes Lumby Bustard. He was for 2 years a director of Arrow and has been a member of The Stock Exchange since 1968. For a number of years he has advised various pension funds and he also manages several private family trusts.

Mr. S. D. Doyle (aged 36) is a solicitor and a partner in the firm of Charsley Harrison of Windsor. He was for 2 years a director of Arrow.

DIVIDENDS

The Directors expect to declare in each year dividends payable on or about 30th September and 31st March. Total annual dividends are expected to amount to between 85 per cent. and 95 per cent. of all the Company's income available for distribution in each year.

An interim dividend in respect of the six months ending 30th June, 1980 will be paid on or about 30th September, 1980. The amount of this dividend will depend on the rate of investment of the Company's funds and, therefore, the income available for distribution cannot be predicted with accuracy at this stage.

AUDITORS AND ACCOUNTS

Price Waterhouse & Co. have accepted appointment as auditors of the Company. Annual accounts will be made up to 31st December. The Company's first period of account ended 31st December 1979.

STATUTORY AND GENERAL INFORMATION

1. **Share Capital**

The Company was incorporated in England under the Companies Acts 1948 to 1976 on 25th June, 1979 with an authorised share capital of £100 divided into 100 shares of £1 each, two of which were issued nil paid. Its name was changed to The Keep Investment Trust Limited on 9th January, 1980. At an Extraordinary General Meeting held on 9th January, 1980 a resolution was passed:

(i) increasing the authorised share capital of the Company to £500,000 by the creation of 499,900 shares of £1 each; and

(ii) sub-dividing each of the shares of £1 each of the Company into and designating them as 20 Ordinary Shares of 5p each.

2. **Accountants' Report**

Silkhouse Court,
Tithebarn Street,
Liverpool L2 2LJ.

The Directors,
The Keep Investment Trust Limited
16 January, 1980.

Dear Sirs,

We report that The Keep Investment Trust Limited was incorporated on 25 June, 1979 and has not yet commenced trading. A balance sheet, prepared at 31 December, 1979, on which we expressed an unqualified opinion, showed issued share capital of £2 nil paid and neither assets nor liabilities. No dividends have been declared or paid.

Yours faithfully,
Price Waterhouse & Co.,
Chartered Accountants.

3. **Articles of Association**

The Articles of Association of the Company contain (inter alia) provisions to the following effect:

Directors

(i) A director shall not be required to hold any shares of the Company by way of qualification. A director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(ii) The directors may repay to any director all such reasonable expenses as he may incur attending and returning from meetings of the directors or of any committee of the directors or General Meeting or otherwise in or about the business of the Company.

(iii) The directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as they may determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

(iv) The ordinary remuneration of the directors will from time to time be determined by an Ordinary Resolution of the Company. Any director who holds any executive office or who serves on any committee or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise as the directors may determine.

(v) A director may be a party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company) under the Company or any other company in which the Company is in any way interested, and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such company and be remunerated therefor and in such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

(vi) The statutory provisions concerning the retirement of directors on reaching a specified age or requiring any special formality in connection with the appointment of any director over a specified age do not apply to the Company.

(vii) Subject to certain exceptions a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(viii) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such case each of the directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking and property (both present and future) including uncalled capital. The aggregate amount for the time being owing by the Group in respect of moneys borrowed by it (exclusive of moneys borrowed by any member of the Group from any other member) may not at any time, without the prior sanction of the Company in general meeting, exceed a sum equal to twice the consolidated share capital and reserves (as described in the Articles) of the Group or, until audited accounts of the Company for the year ending 31st December, 1980 have been published, £750,000.

Votes of Members

On a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

4. ***Interests of Directors and Others in the Shares of the Company***

Immediately after completion of this offer for subscription, the interests of the Directors and their families in the share capital of the Company, in accordance with their firm undertakings to apply, as will be shown in the Register maintained pursuant to the Companies Act 1967, will be as follows:

	Ordinary Shares of 5p	
Name of Director	**Beneficial**	**Non-Beneficial**
B. van Engel	30,000	—
G. P. C. Howard	750,000	—
J. Chaytor	100,000	25,000
W. A. Walls	10,000	—
S. D. Doyle	10,000	—

Save as aforesaid, the Directors are not aware of any person who will, immediately after completion of this offer for subscription and assuming it is fully subscribed, be beneficially interested in 5 per cent. or more of the issued share capital of the Company.

5. ***Material Contracts***

No contracts (not being contracts in the ordinary course of business) have been entered into by the Company since its incorporation.

6. **General**

(i) Save as disclosed herein:

(a) no share or loan capital of the Company has been issued for cash or for a consideration other than cash and no such capital of the Company is now proposed to be issued;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital.

(ii) No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

(iii) No material issue of shares (other than to shareholders pro rata to existing holdings) will be made within one year and no issue will be made which would effectively alter the control of the Company without in either case prior approval of the Company in general meeting.

(iv) The Company has no subsidiaries.

(v) The minimum amount which in the opinion of the Directors must be raised by the issue of Ordinary Shares is £650,000 of which approximately £40,000 is required to provide for the payment of preliminary expenses and the estimated expenses of the issue, with the balance being used as funds for investment. Assuming full acceptance, funds available for investment are expected to amount to approximately £960,000.

(vi) The Directors are of the opinion that on receipt of the minimum amount specified in paragraph (v) above, the Company will have sufficient working capital for its present requirements.

(vii) The costs, charges and expenses of and incidental to the issue of this prospectus and of the application for listing, including printing and advertising costs, Stock Exchange, accountancy and legal fees, are estimated to amount to approximately £30,000 (inclusive of value added tax) and are payable by the Company. In addition, capital duty at the rate of 1 per cent. will be payable on the total amount subscribed (£10,000 if full subscription). Preliminary expenses are estimated to amount to £250 and are also payable by the Company.

(viii) No amount or benefit has been paid or given to any promoter of the Company and none is intended to be paid or given.

(ix) No Director has or is proposed to have a service contract with the Company.

(x) The Company is not engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against the Company.

(xi) No Director of the Company has or has had in the two years immediately preceding the publication of this prospectus any interest in any assets acquired, disposed of or leased to or by, or proposed to be acquired, disposed of or leased to or by the Company.

(xii) No Director of the Company is materially interested in any contract or arrangement subsisting at the date of this prospectus and which is significant in relation to the business of the Company.

(xiii) Price Waterhouse & Co. have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion herein of their report set out above in the form and context in which it is included.

(xiv) Mr. J. Chaytor is a partner in the firm of Chaytor Steele & Co., which firm will provide accountancy services for an annual fee.

(xv) Messrs. B. van Engel and W. A. Walls are both partners in the firm of Milnes Lumby Bustard, which will receive Stock Exchange commissions.

(xvi) The aggregate emoluments of the Directors of the Company for the period ended 31st December, 1979 were nil. It is estimated that the aggregate emoluments of the Directors for the year ending 31st December, 1980 will not exceed £5,000.

7. **Documents for Inspection**

Copies of the following documents will be available for inspection at the offices of Herbert Smith & Co., Watling House, 35-37 Cannon Street, London EC4M 5SD during normal business hours on any weekday (excluding Saturdays) until 31st January, 1980:

(a) the Memorandum and Articles of Association of the Company;

(b) the report of Price Waterhouse & Co. and their written consent referred to above; and

(c) the audited accounts of the Company for the period ended 31st December, 1979.

Dated 16th January, 1980

PROCEDURE FOR APPLICATION

Applications must be for a minimum of 3,000 shares and must be made on the forms provided in accordance with the terms thereof.

Each application must be accompanied by a separate cheque for the full amount payable on application and be forwarded to Coutts & Co., 15 Lombard Street, London EC3V 9AU.

Cheques, which must be drawn on a bank, or branch thereof, in and be payable in England, Scotland or Wales, or drawn on a clearing bank branch in the Channel Islands or the Isle of Man, must be made payable to The Keep Investment Trust Limited and crossed "Not Negotiable."

The Directors reserve the right to present all cheques for payment on receipt and to retain letters of acceptance and excess application moneys pending clearance of applicants' cheques. Due completion and delivery of an Application Form, accompanied by the necessary cheque, shall constitute an undertaking that the cheque will be honoured on first presentation; a warranty to that effect is contained in the Application Form. The Directors reserve the right to reject any application in whole or in part.

Acceptance of applications will be conditional upon the whole of the issued ordinary share capital of the Company being admitted to the Official List by the Council of The Stock Exchange on or before 31st January, 1980, subject only to allotment, and upon the minimum amount specified in paragraph 6 (v) above being subscribed. Moneys paid in respect of applications will be returned if such admission is not granted by that date and in the meantime will be retained in a separate bank account. If any application is not accepted, or is accepted for fewer shares than the number applied for, the application moneys or the balance thereof, as the case may be, will be returned by cheque through the post at the applicant's risk.

The subscription list will open at 10.00 a.m. on 21st January, 1980 and will close at 3.00 p.m. on 31st January, 1980.

Cheques will not be presented for payment until the minimum amount specified in paragraph 6 (v) above has been reached.

Renounceable certificates, which will be renounceable up to and including 28th February, 1980, will be despatched to successful applicants on or before 7th February, 1980. Full instructions regarding renunciation and splitting will be set out on the renounceable certificates. Definitive certificates in respect of renounced shares will be despatched on 1st April, 1980.

Copies of this prospectus with Forms of Application may be obtained from:

Milnes-Lumby Bustard,
Martins Building,
4 Water Street,
Liverpool L2 3UF.

Raphael, Zorn,
10 Throgmorton Avenue,
London EC2N 2DP.

THE SUBSCRIPTION LIST WILL OPEN AT 10 A.M. ON MONDAY, 21ST JANUARY, 1980
AND WILL CLOSE AT 3.00 P.M. ON THURSDAY, 31ST JANUARY, 1980.

THE KEEP INVESTMENT TRUST LIMITED

OFFER FOR SUBSCRIPTION

of 10,000,000 Ordinary shares of 5p each at 10p per share payable in full on application.

FORM OF APPLICATION

To: THE KEEP INVESTMENT TRUST LIMITED

**Number of shares for which application is made*	*Amount of cheque enclosed (see notes 1 & 2 below)*

*Applications must be for a minimum of 3,000 shares

Dear Sirs,

Having paid the above-mentioned sum being the amount payable on application for the stated number of Ordinary shares I/we hereby apply to purchase that number of shares.

I/We agree to accept such shares or any smaller number in respect of which this application may be accepted subject to the Memorandum and Articles of Association of the Company and to the several terms and conditions contained in the Prospectus dated 16th January, 1980. I/We request that you issue to me/us a renounceable Certificate for that number of shares or such smaller number as aforesaid. I/We authorise you to send such Certificate, together with a cheque for any amount overpaid, by post at my/our risk to the address (first) given below.

I/We warrant that the accompanying cheque will be paid on first presentation.

Dated 1980.

First or Sole Applicant (1) *Usual Signature*..............................

All Christian Names or Forenames ....
Surname (state Mr., Mrs., Miss or Title)..............................
Address in full (including postcode) ....
....

Please Use Block Letters

A separate cheque must accompany each application

A corporation may complete under hand by a duly authorised officer who should state his representative capacity.
All joint applicants must sign.

JOINT APPLICANTS (if any)

(2) *Signature* ....
All Christian Names or Forenames ....
Surname ....
(Mr., Mrs., Miss or Title)
Address in full (including postcode) ....
....

(3) *Signature* ....
All Christian Names or Forenames ....
Surname ....
(Mr., Mrs., Miss or Title)
Address in full (including postcode) ....
....

(4) *Signature* ....
All Christian Names or Forenames ....
Surname ....
(Mr., Mrs., Miss or Title)
Address in full (including postcode) ....

FOR OFFICE USE ONLY

Acceptance No.
Number of shares accepted
Amount received on application £
Amount payable £
Amount returned £
Cheque No.

Instructions:

1. Cheques (drawn on a bank, or branch thereof, in and payable in England, Scotland or Wales or drawn on a clearing bank branch in the Channel Islands or the Isle of Man) must be made payable to "The Keep Investment Trust Limited" and crossed "Not Negotiable."
2. This form should be completed and sent to Coutts & Co., 15 Lombard Street, London EC3V 9AU, together with a remittance of 10p per share applied for.
3. No receipt will be issued for the amount paid on application but an acknowledgement will be forwarded either by renounceable Certificate (together, if applicable, with a cheque for any amount overpaid) or by return through the post of a cheque for the amount paid on application.

VAT rise and TV strike hit Status Discount

HIGHER VAT made trading at Status Discount difficult in the second six months ended November 30, 1979, and pre-tax profits for the period fell from £2.17m to £1.65m. This left the retail discount store operator with £4.06m at the year-end, compared with £3.79m previously, on turnover up some £10m to £40.78m.

In July, when reporting a £0.79m rise in profits for the first 28 weeks, the directors confidently anticipated that their marketing policy would enable the company to achieve a satisfactory level of trading.

In the event, the company was frustrated by the 11 weeks television strike, which affected profitability.

Since the year-end, trading has been satisfactory considering the uncertain financial climate, the directors state, and they are confident that the company is sufficiently strong in terms of management and the quality of its merchandise to prosper.

Stated after-tax earnings slipped from 8.2p to 6.1p per 10p share for the year, but the dividend total is effectively lifted from 0.8952p to 2.1p net, with a final of 1.4p.

Interest charge increased from £136,000 to £658,000 and tax rose sharply from £0.47m to £1.62m due to the inclusion of a deferred tax provision of £1.18m (£0.16m).

There were extraordinary credits of £284,000 (£221,000) and the retained surplus emerged lower at £1.88m, compared with £3.18m.

Fifteen new stores were opened in 1979 and six small ones closed. Total sales and storage area at the end of the year was 737,000 sq. ft. against 694,000 sq. ft. previously.

Since the year-end, the company has opened five stores and plans to open at least a further six during the rest of the year.

● comment

At first glance, the full-year figures from Status Discount are dispiriting. Second half profits dipped against rising turnover, cutting margins from 15 to 8 per cent. But this impression is due to the board's curious decision not to break out the costs of shifting to metric kitchen equipment during October and November. Taking into account the sell-off of imperial stock, the profit and loss account for the second half was hit to the tune of some £600,000, which puts the margins in a rosier light. The company sees turnover up this year by around 15 to 20 per cent. On last year's margins, a profit of £5m or more is indicated. But a cautious note must be sounded over expanding competition in pre-fabricated furniture, which now accounts for some 90 per cent of Status sales. Straitened consumer spending may also have a serious impact in home improvement, in which case *Status will have its work cut out to significantly better this year's profits. The p/e of 9.1 on stated earnings, and yield of 5.4 per cent at 57p, may be on the generous side.*

C. T. BOWRING

The insurance broking office of C. T. Bowring (London) at Romford was reconstituted from January 1 as a separate company now trading in the name of C. T. Bowring (Eastern).

9% boost for Fuller's profits

BOTH turnover and pre-tax profits of Fuller, Smith and Turner, independent brewer, increased by 9 per cent in the half-year to September 28, 1979. With *turnover improving from £8.8m* to £9.43m, pre-tax profits came out at £810,814 against £741,890.

The company is departing from the practice of recent years of paying two interim dividends, in January and April, by paying a single interim dividend of 3.5p, which equals the two interims in 1979.

Interest charges were lower at £42,849 against £77,011, and this reflects the temporary use of funds earmarked for the brewery redevelopment. Charges during the second half will increase as the funds are used.

Major Lewis Turner, the chairman, says that sections of the redevelopment programme are starting to come on stream but it will be late in 1980 before the group feels any benefit from the increased production. He says that, with this in mind, it is difficult to predict with any confidence the *results of this close* company for the full year. Profits totalled £1.4m for 1978/79.

Stated earnings per £1 ordinary capital share are 17.72p (16.16p).

Brooke Tool nears £0.5m

TAXABLE PROFITS of Brooke Tool Engineering (Holdings) expanded *from £324,000 to £495,000* in the year to September 30, 1979, on increased turnover of £6.44m, compared with £5.7m.

Sales would have been some £500,000 higher but for the fire at Boxford Machine Tools, the directors say.

At midway, the surplus was ahead from £120,800 to £212,000.

The directors say the current year has started satisfactorily and order books are very healthy. They are optimistic about the group's prospects, given reasonable industrial relations on a national level.

The net total dividend is raised by nearly 15 per cent to 2.8875p (2.5125p), with a final of 1.6775p.

After tax of £74,000 (£46,000), and an extraordinary credit of £102,000 this time, the attributable balance came through higher at £523,000, against £277,000.

Pre-tax profits were struck after interest £110,000 (£92,000).

● comment

Brooke Tool has shaken off the effects of a major fire and the engineering strike to the extent that margins have improved by almost one and half points to leave pre-tax profits 50 per cent to the good. The balance sheet will show gearing of less than a quarter, giving ample scope to pursue the acquisition trail, and the order book looks sufficiently healthy to assume further strong growth. While the overhanging steel strike threatens a difficult third (and possibly fourth) quarter, the group is confident that it will not be impeded until its own customers are in difficulties. The workload is more broadly based with the Broadbent acquisition opening the doors to the oilfield supply industry, a growing client list in the buoyant aerospace industry and a strong position in the piston slitting tools market which provides access to the U.S. automotive components industry. All of which presumes a healthy future which only external circumstances seem capable of denting. But the shares were unchanged at 42p yesterday where the fully taxed p/e is over 11. That looks high enough for the present, particularly since the August placing should have satisfied institutional appetites in a thin market, although a yield of more than 10 per cent offers reasonable support.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Allied Colloids, Letraset International, Magnet and Southerns, Stock Conversion and Investment Trust, Tate and Lyle, Western Board Mills.

Finals—Albion, Amalgamated Tin Mines of Nigeria, Countryside Properties, Thomas French, Reo Stakis, Trusthouse Forte, United States and General Trust.

FUTURE DATES

Interims—	
Burt Boulton	Jan. 24
Cray Electronics	Jan. 21
Jones Stroud	Jan. 22
Longton Industrial Holdings	Jan. 31
MFI Furniture	Jan. 22
Finals—	
U.C. Investments	Feb. 4

£1m housebuilding profit boosts Gough Cooper

A TURNRUND of £1.37m in the housebuilding sector, to a £1.03m profit, has boosted taxable profits of Gough Cooper and Co. to £1.62m for the year ended September 30, 1979, more than treble the previous £504,000. Turnover expanded from £18.61m to £23.25m.

And the directors state that despite the more difficult economic conditions that seem likely to prevail in 1980, they are cautiously optimistic that good results can be achieved in the current year.

At the halfway stage profits were ahead from £285,000 to £501,000 and the board was confident that full-year results would be at least as good as those for 1976-77—profits then were £1.25m on turnover of £17.34m.

Stated earnings for 1978-79 are well up at 17.39p (6.56p) per 20p share and the dividend total is 5.6p (5.36p) net—unchanged in gross terms—with a final payment of 3.5p.

	1978-79 £000	1977-78 £000
Turnover	23,253	18,608
Housebuilding	11,309	11,036
Undeveloped land	1,351	1,226
Plant hire	6,153	3,970
Builders' merchants	2,336	1,798
Specialist services	2,104	980
Rental income	729	612
Trading profit	2,598	817
Housebuilding	1,026	*342
Undeveloped land	350	98
Plant hire	876	513
Property investment	576	550
Builders' merchants	77	83
Spec. services loss	307	85
Interest	975	313
Pre-tax profit	1,623	504
Tax	255	†22
Net profit	1,368	526
Minority interest	—	10
Attributable	1,368	516
Interim div.	165	158
Final div.	275	268
Retained	928	94

* Loss. † Credit.

Because of current external uncertainties, particularly interest rates, it was felt inappropriate to increase the distribution for 1978-79.

Despite a severe winter and set-backs in the specialist services division, the directors say the year's results are better than predicted.

Full advantage was taken, they explain, of the private housing market and plant hire again significantly increased its contribution to profits.

Property investment profitability was restricted by non-repetitive expenditure.

As at September 30, shareholders' funds stood at £13.04m (£12.16m), and borrowings totalled £7.46m (£5.8m).

● comment

The Gough Cooper showing is a pleasant surprise laced with some foreboding about the current year. Such is the state of the housing market in the UK that even though the group has achieved more than tripled pre-tax profits, the Board has decided just to maintain the dividend. This latter news held the share price rise to 2p yesterday at 78p. The company's three main interests have done well. Housebuilding was a major earner once the group shifted from contract to *private house*-building. Plant hire did well and property investment also came through, mostly from the group's trading estate in the Dartford area. But interest charges, like profits, also more than tripled. There are obvious doubts over what may happen to house sales and interest rates this year but there seems little to be optimistic about. Meantime the shares are backed by a near 11 per cent yield and p/e, on stated earnings, of 4.2.

They are also uncertain about the effects of the steel strike. Principal activities of the group are moulding in plastics, and manufacture of optical goods, garden implements and hollo-ware products.

Turnover for the half-year increased from £2.48m to £2.85m. After tax of £19,000 (£54,000), stated earnings per 25p share are down from 2.4p to 0.86p. The net interim dividend is held at 1p—last year's total was 3.5p.

Hales Prop. improves midway

WITH increases in both sales and rental income, pre-tax profits of Hales Properties went ahead from £155,335 to £190,005 in the six months to September 30, 1979. The directors are confident that the full year's result will compare favourably with 1978-79, when there was a pre-tax surplus of £385,029.

Sales for the half year rose from £260,000 to £370,670, and rental income from £140,393 to £161,892, and the profit is struck *after reduced interest of £27,042* (£29,020).

The interim dividend is raised from 0.8993p to 1p—last year a final of 2.2073p was paid.

After six-months' tax of £98,803 (£80,774), stated earnings per 25p share are 4.8p (4p).

E. Elliott dives to £37,000

A significant reduction in margins and the effects of the engineering strike resulted in taxable profits of E. Elliott sliding from £104,000 to £37,000 in the half-year to September 30, 1979.

However, the directors expect a considerable improvement in the second half, although the full-year surplus will not match the £291,914 achieved last time, they add.

G. T. Japan down £0.2m—interim halved

A halved interim dividend and a decline in pre-tax profits from £386,757 to £183,022 is announced by G. T. Japan Investment Trust for the half year to December 31, 1979.

After-tax earnings per 25p share are shown down at 1.77p (3.71p) basic and at 2.07p (3.63p) fully diluted. The interim dividend is cut from 2p to 1p net—last year's final was 5p.

Gross income decreased from £898,831 to £694,953, including unfranked investment income of £426,699 (£755,439) and interest on loans and deposit of £266,119 (£111,375).

Tax charge was down from £201,114 to £94,739.

Bridport margins under 'considerable pressure'

ALTHOUGH turnover for the first few months of the current year had been satisfactory, the mixture of products of Bridport-Gundry (Holdings), netting and cordage group, had not been as beneficial as directors hoped, and they found that margins have been under considerable pressure, Mr. R. W. Holder, the chairman, said at the AGM.

He stated that directors have continued to take vigorous steps to offset the effect of low margins and keen competition, by constantly seeking to improve productivity and looking closely at sections of the business where the company was not achieving a satisfactory return on assets.

Mr. Holder said that 1980 "is not going to be an easy year for manufacturing industry in the UK, and the company is not exempt from the national climate."

He was confident, however, that the directors were "aware *of the problems and tackling* them sensibly and energetically."

The acquisition of Brownell and Co., of the U.S., manufacturer of lines, twines, fishing netting, was achieving all that directors had hoped, and a further acquisition of a majority interest in J. and W. Stuart, had also proved successful.

Order position in the U.S. was good, the chairman said. In some sections of the UK business, it was satisfactory, but the fishing industry, particularly in the UK, was currently disappointing.

"The group managing director and his team have their sights clearly on achieving an adequate return on capital in every part of the business," he stated.

They were, therefore, reinforcing successes and were prepared to face up to a disposal or reduction if no suitable return on assets seemed possible within the foreseeable future.

He added that part of the group's extruded netting business had been disposed of on satisfactory terms.

For the year ended July 31, 1979, profits slipped from £781,000 to £763,000, on turnover of £14.1m (£12.39m). After lower *tax, however, and minorities, the* attributable balance emerged higher at £642,000 compared with £519,000.

Earnings were 7.27p (6.26p) and the dividend total 2.41p (2.1p), per 20p share.

Rand Mines Limited

A Member of the Barlow Rand Group

Gold Mining and Colliery Company Reports for the Quarter ended 31st December, 1979

(All Companies incorporated in the Republic of South Africa).

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40, Holborn Viaduct, London EC1P 1AJ.

HARMONY GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1979.

OPERATING RESULTS—ALL PRODUCTS	Quarter ended 31.12.1979	Quarter ended 30.9.1979	6 months ended 31.12.1979
Ore milled (t):	1 802 000	1 891 000	3 693 000
Gold produced (kg):	8 077	8 195	16 272
Yield (g/t):	4.48	4.33	4.41
Uranium pulp treated (t):	1 211 000	1 290 000	2 501 000
Oxide produced (kg):	121 286	134 086	255 362
Yield (kg/t):	0.100	0.104	0.102
Pyrite concentrate recovered (t):	21 491	18 658	40 149
Sulphuric Acid produced (t):	30 754	30 967	61 721
Total Revenue (R/t milled):	55.11	44.97	49.91
Total Costs (R/t milled):	28.55	26.45	27.47
Total Profit (R/t milled):	26.56	18.52	22.44
FINANCIAL RESULTS—All products—TOTALS IN R000's			
Revenue—Gold, Silver and Osmiridium	R89 168	R71 498	R160 666
—Uranium, Pyrite and Sulphuric Acid	R10 146	R13 535	R23 681
Total revenue	R99 314	R85 033	R184 347
Costs	R51 451	R50 010	R101 461
Working profit	R47 863	R35 023	R82 886
Sundry revenue (net)	R1 485	R1 244	R2 729
Profit before taxation and State's share of profit	R49 348	R36 267	R85 615
Taxation and State's share of profit	R23 022	R18 568	R41 590
Profit after taxation and State's share of profit	R26 326	R17 699	R44 025
Capital expenditure	R8 150	R4 836	R12 986
Dividend declared	R—	R22 852	R22 852
Loan levy	R1 795	R1 447	R3 242

DEVELOPMENT

Quarter ended 31.12.1979: 12 249 metres. Quarter ended 30.9.1979: 11 349 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Oxide Value kg/t	Channel Width cm	Gold cm.g/t	Uranium Oxide cm.kg/t
Basal	821	754	9.8	0.153	71	697	10.83
Leader	2 677	2 500	5.6	0.221	104	578	23.03
Totals and Averages							
Quarter ended 30.12.1979	3 498	3 254	6.2	0.208	97	605	20.21
Quarter ended 30.9.1979	3 278	3 060	6.0	0.193	103	615	19.88

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R4 525 000 including R2 445 000 for the new uranium plant. The estimated capital expenditure for the remainder of the current financial year is R22.8 million which includes R6.5 million for the new uranium plant.

For and on behalf of the board.
R. J. J. FOURIE, N. A. HONNET — Directors

8th January 1980.

DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1979.

OPERATING RESULTS	Quarter ended 31.12.1979	Quarter ended 30.9.1979
Gold		
Ore milled (t):	516 000	545 000
Gold produced (kg):	1 839.8	1 921.5
Yield (g/t):	3.57	3.53
Revenue (R/t milled):	40.21	30.63
Cost (R/t milled):	28.56	25.97
Profit (R/t milled):	11.65	4.66
Revenue (R000's):	20 749	16 695
Cost (R000's):	14 737	14 153
Profit (R000's):	6 012	2 542
Pyrite		
Pyrite concentrate sold (t):	6 085	6 260
FINANCIAL RESULTS (R000's)		
Working Profit—Gold	R6 012	R2 542
Working Profit—Pyrite	R66	R69
Sundry revenue (net):	R134	R95
State assistance (overclaimed)	(R829)	(R387)
Profit before taxation and State's share of profit	R5 383	R2 319
Taxation and State's share of profit	R722	R233
Profit after taxation and State's share of profit	R4 661	R2 086
Capital expenditure	R1 008	R832
Dividend declared	R2 674	R—
Loan levy	R72	R22
State loan repayment	R713	R159

DEVELOPMENT

Quarter ended 31.12.1979: 7 929 metres. Quarter ended 30.9.1979: 6 873 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
Kimberley	2 412	1 593	4.8	111	535
Bird	56	18	2.8	68	192
South	113	36	13.4	14	188
Main Reef Leader	89	60	6.9	32	220
Main	66	87	5.3	83	439
Totals and Averages					
Quarter ended 31.12.79	2 736	1 794	4.9	105	510
Quarter ended 30.9.79	2 313	1 398	5.5	101	551

These values represent actual results of sampling, no allowance having been made for any adjustments which were necessary when the ore reserve estimates were made at the end of the financial year.

ORE RESERVES AT 31ST DECEMBER, 1979

The ore reserves have been re-estimated as follows:—

	Tons	Gold value g/t	Stope width cm	Gold cm.g/t
Available	2 940 000	5.4	145.3	785
Not available	1 589 000	6.6	127.4	841
Total	4 529 000	5.8	138.5	806

The ore reserves at 31st December, 1979 were calculated on the basis of a gold price of R8 038 per kilogram (approximately U.S. $ 300 per fine ounce at R1 = U.S. $1.20).

DIVIDEND

Dividend No. 112 of 115 cents per share was declared on 10th December 1979 payable on or about 1st February 1980 to shareholders registered on 28th December, 1979 and to persons presenting the appropriate share warrant to bearer coupon.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R48 000.

STATE ASSISTANCE

Owing to the continuous improvement in the results during the quarter, the full amount of State assistance claimed during the first six months of the year will be refunded.

STATE LOAN REPAYMENT

An amount of R713 000 became repayable during the quarter. The balance of the loan at 31st December, 1979 was R2 239 000.

For and on behalf of the board.
N. A. HONNET, R. A. LAWRENCE — Directors

8th January, 1980.

EAST RAND PROPRIETARY MINES LIMITED

ISSUED CAPITAL: R3 960 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1979.

OPERATING RESULTS	Quarter ended 31.12.1979	Quarter ended 30.9.1979
Ore milled (t):	574 000	555 000
Gold produced (kg):	2 879.4	2 900.6
Yield (g/t):	5.02	5.23
Revenue (R/t milled):	57.08	44.00
Cost (R/t milled):	38.79	37.23
Profit (R/t milled):	18.29	6.77
Revenue (R000's):	32 764	24 421
Cost (R000's):	22 264	20 662
Profit (R000's):	10 500	3 759
FINANCIAL RESULTS (R000's)		
Working profit:	R10 500	R3 759
Sundry revenue (net):	R329	R643
State assistance (overclaimed):	(R4 056)	(R237)
Profit before taxation and State's share of profit	R6 773	R4 165
Taxation and State's share of profit	R247	R79
Profit after taxation and State's share of profit	R6 526	R4 086
Capital expenditure	R1 519	R1 611
Dividend declared	R3 564	R—
Loan levy	R22	R8
State loan repayment	R1 326	R75

DEVELOPMENT

Quarter ended 31.12.1978: 3 711 metres. Quarter ended 30.9.1979: 3 688 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
South	163	132	13.8	64	882
Composite	50	51	30.1	80	2 402
Main	167	81	15.7	90	1 401
Main Reef Leader	—	—	—	—	—
Totals and Averages for quarter ended 31.12.1979	380	264	17.9	75	1 335
quarter ended 30.9.1979	166	93	3.3	94	311

These values represent actual results of sampling, no allowance having been made for any adjustments which were necessary when the ore reserve estimates were made at the end of the financial year.

ORE RESERVES AT 31ST DECEMBER, 1979

	Tons	Gold value g/t	Stope width cm	Gold cm.g/t
Available	4 396 000	7.1	134.0	957
Not available	2 436 000	8.5	146.4	1 250
Total	6 832 000	7.6	138.2	1 056

The ore reserves at 31st December, 1979 were calculated on the basis of a gold price of R8 038 per kilogram (approximately U.S. $300 per fine ounce at R1 = U.S.$1.20).

DIVIDEND

Final dividend No. 116 of 90 cents per share was declared on 10th December, 1979, payable on or about 1st February, 1980 to members registered on 28th December, 1979 and to persons presenting the appropriate share warrant to bearer coupon.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R655 000.

GENERAL

State assistance

Owing to the continuous improvement in the results during the quarter, the full amount of State assistance claimed during the first six months of the year will be refunded.

State loan repayment

An amount of R1 328 000 became repayable during the quarter. The balance of the loan at 31st December, 1979 was R4 109 000.

For and on behalf of the board.
N. A. HONNET, R. J. J. FOURIE — Directors

8th January, 1980.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25c EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1979.

OPERATING RESULTS	Quarter ended 31.12.1979	Quarter ended 30.9.1979	6 months ended 31.12.1979
Gold			
Ore milled (t):	496 000	497 000	993 000
Gold produced (kg):	4 713.7	4 775.1	9 488.8
Yield (g/t):	9.50	9.61	9.56
Revenue (R/t milled):	106.95	84.77	95.85
Cost (R/t milled):	35.78	35.68	35.73
Profit (R/t milled):	71.17	49.09	60.12
Revenue (R000's):	53 046	42 133	95 179
Cost (R000's):	17 745	17 735	35 480
Profit (R000's):	35 301	24 398	59 699
Uranium Oxide			
Pulp treated (t):	493 484	441 687	935 171
Oxide produced (kg):	81 218	68 671	149 889
Yield (kg/t):	0.165	0.155	0.160
FINANCIAL RESULTS (R000's)			
Working Profit: Gold	R35 301	R24 398	R59 699
Working Profit: Uranium oxide	R1 026	R3 654	R4 680
Sundry revenue (net):	R940	R871	R1 811
Profit before taxation and State's share of profit	R37 267	R28 923	R66 190
Taxation and State's share of profit	R20 568	R15 944	R36 512
Profit after taxation and State's share of profit	R16 699	R12 979	R29 678
Capital expenditure	R3 083	R2 067	R5 150
Dividend declared	R24 000	R—	R24 000
Loan levy	R2 836	R1 238	R4 074

DEVELOPMENT

Quarter ended 31.12.1979: 5 309 metres. Quarter ended 30.9.1979: 5 834 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Oxide Value kg/t	Channel Width cm	Gold cm.g/t	Uranium Oxide cm.kg/t
Carbon leader							
Quarter ended 31.12.79	65	64	59.1	0.477	41	2 422	19.56
Quarter ended 30.9.79	79	66	51.2	0.505	40	2 048	20.18

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

DIVIDEND

Dividend No. 68 of 100 cents per share was declared on 10th December, 1979 payable on or about 1st February, 1980 to shareholders registered on 28th December, 1979.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R2 065 000. The estimated total capital expenditure for the remainder of the current financial year is R8.9 million.

For and on behalf of the board.
N. A. HONNET, R. S. LAWRENCE — Directors

8th January, 1980.

WELGEDACHT EXPLORATION COMPANY, LIMITED

ISSUED CAPITAL: R4 090 813 IN SHARES OF 45 CENTS EACH.
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1979 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARY

OPERATING RESULTS	Quarter ended 31.12.1979	Quarter ended 30.9.1979
Tons sold—metric	437 972	462 484
Working Profit—cents per ton	87.2	182.3
FINANCIAL RESULTS	R000's	R000's
Working profit	382	843
Net railway revenue	926	15
Net sundry revenue	58	68
PROFIT BEFORE TAXATION	1 366	926
Taxation	559	(75)
PROFIT AFTER TAXATION	807	1 001
Capital expenditure	252	1 004
Drilling and exploration	1	—
Dividend declared	1 455	—

DIVIDENDS

Dividend No. 44 of 16 cents per share was declared on 11th October, 1979 payable on or about 16th November, 1979 to shareholders registered on 2nd November, 1979.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R872 000. The estimated total capital expenditure for the remainder of the current financial year is R1 023 000.

GENERAL

Tonnage sold decreased due to the seasonal decrease in inland demand. Working profit was adversely affected by lower export realisations due to increased freight charges. It is expected that these export realisations will improve from January, 1980. The net railway revenue relates to the six months ended 30th September, 1979.

For and on behalf of the board.
N. ZOLEZZI, R. B. MACGILLIVRAY — Directors

8th January, 1980.

WITBANK COLLIERY, LIMITED

ISSUED CAPITAL: R13 744 674 IN ORDINARY SHARES OF R2 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1979 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARIES

OPERATING RESULTS	Quarter ended 31.12.1979	Quarter ended 30.9.1979
Tons sold—metric	1 995 429	2 022 810
Working profit—cents per ton	595.4	550.1
FINANCIAL RESULTS	R000's	R000's
Working profit	R11 881	R11 127
Net sundry revenue	220	617
PROFIT BEFORE TAXATION	R12 101	R11 744
Taxation	4 050	2 962
PROFIT AFTER TAXATION	R8 051	R8 782
Capital expenditure—gross	R2 555	R13 481
Escom funding	252	7 304
Exploration expenditure—included in net sundry revenue	78	191
Dividend declared	—	9 621

CAPITAL EXPENDITURE

There are commitments for capital expenditure, net of Escom funding in respect of Duvha, as follows:—

	R000's
Contracted	R21 079
Authorised but not contracted	9 656
Other proposed	17 734
	R48 469

The estimated net capital expenditure for the remainder of the current financial year is R8 191.

GENERAL

Duvha supplied 329 000 tons to the power station during the quarter which offset the normal seasonal reduction in commercial sales.

For and on behalf of the board.
R. B. MACGILLIVRAY, N. ZOLEZZI — Directors

7th January, 1980.

GENERAL NOTES

1. There were 88 milling days in the quarter ended 31st December, 1979 compared with 91 days in the previous quarter.
2. Gold development values quoted herein represent actual results of sampling, no allowance having been made for any adjustments which may be or were necessary when estimating ore reserves at the end of the respective financial years.
3. All financial figures are subject to audit.

Copies of these quarterly reports are obtainable from the United Kingdom Registrars and Transfer Agents Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

BIDS AND DEALS

Hiram's £80m bid for Highland is extended

BY JOHN MOORE

HIRAM WALKER-GOODERHAM and Worts of Canada, the distilling group, is extending its £80m offer for Highland Distilleries, the Scotch whisky group well-known for "The Famous Grouse Brand," until January 29.

So far, Hiram Walker has received a low level of acceptances for its 130p per share cash offer which was due to close this Friday. On the London Stock Exchange Highland's shares stood at 145p, up 1p, yesterday.

In a letter to Highland shareholders, Mr. H. Clifford Hatch, chairman and chief executive of Hiram Walker, said that Highland's chairman, Mr. John Macphail in his rejection document "does not provide sufficient evidence, facts and opinions (in particular about assets and prospective profits and dividends) for you to form a judgment as to the merits of the offer."

But Hiram has decided to leave its offer price of 130p per share in cash (with a loan note alternative) unchanged.

Mr. Hatch tells shareholders that the only specific points which Mr. Macphail has made relate to the question of Robertson and Baxter. Mr. Hatch points out that Highland has withheld two significant points: first, the fact that Robertson and Baxter stockholds mainly grain whisky which is readily available; and secondly, the basis for the prices which Highland obtains for the malt whisky it supplies to the joint venture.

Mr. Hatch concludes that the commercial reality of close trading links, and the fact that Mr. Macphail is managing director of Robertson and Baxter, and a director of its parent company, as well as chairman of Highland, cannot justify Highland taking credit for 35.4 per cent of the undistributed earnings of Robertson and Baxter, or for more than 50 per cent of the benefits derived from "The Famous Grouse."

"In particular," he says, "*Highland has no right of access* to any of the assets of Robertson and Baxter which is a private company and the subsidiary of another private company."

Highland sells new and mature whisky to Robertson and Baxter, in which it has a 35.4 per cent stake, for inclusion in "Cutty Sark" and other blends. It also develops on a joint venture basis with Robertson and Baxter "The Famous Grouse" blended Scotch whisky.

INSTANT STARTER SELLS EXEL

Instant Starter Engineering says that due to heavy trading losses in the subsidiary, Exel Electronics, it was sold in November to ITR Holdings for *a consideration wholly in cash.*

SLIVERMINES DIVERSIFIES INTO COLD STORES

Dublin-based Silvermines is extending its industrial interests into a new field by taking a 50 per cent stake in a new cold stores company.

The overall investment in the company, Irish Cold Stores, will be around £2m, with Silvermines and its partner, Tempco International, each putting up around £400,000 in equity and loans.

The rest of the investment will be met by bank or other loans. Tempco runs seven cold stores in Britain with a capacity of more than 15m cubic feet.

Irish Cold Stores' initial project will be the building and operation of a cold store of 1m cubic feet, with blast freezing facilities, at Clondalkin, County Dublin, for completion around the end of 1980.

ANOTHER QUEENS MOAT DISPOSAL

Queens Moat Houses has sold Petwood Moat House, Woodhall Spa, Lincs, to Executive Leisure for £200,000. The hotel was acquired in 1970 for £104,000.

Disposal of this unit is in line with group's already stated policy of concentrating on commercially situated hotels offering modern, first-class facilities.

RECEIVER SELLS A. R. SUGDEN

Mr. Ian Partington, receiver and manager of A. R. Sugden and Co. (Engineers), manufacturer of hi-fi equipment, announces *that the company's* business has been sold to Hacker Sound of Blackburn.

Mr. Partington is a partner in chartered accountants Peat, Marwick, Mitchell and Co.

J. SHAKESPEARE

In connection with the offer being made by Wheway Watson (Holdings), preference shareholders of Joseph Shakespeare and Co., in order to preserve reasonable continuity of income, are to receive a dividend, for the four months ended January 31, 1980, of 1.65p per share and associated tax credit, payable on February 1.

Palmer leaves Gill & Duffus

A NEW chairman of Gill and Duffus Limited, the cocoa and cocoa products merchant part of *Gill and Duffus* Group, the international commodity broker, merchant and processor, is to be announced later this week.

The move follows the resignation of main Board director and chairman of Gill and Duffus Limited, Mr. Graham Palmer. Mr. Palmer, who has been with the company over 25 years, met the Board yesterday to discuss com*pensation terms. His salary* was believed to be over £50,000 per annum.

The group said yesterday that "there had been a situation building up for some time." It added that Mr. Palmer had not been happy with the management style of the new chairman, Mr. Thomas Aitken. "There was no boardroom split and Mr. Palmer will be succeeded by someone within *Gill and Duffus* Limited," it was stated.

● Gill and Duffus Group announced last night that, in negotiations with W. R. Grace and Co. Inc., it is planning to purchase the whole of the share capital of Cacaofabriek de Zaan B.V. The purchase is subject to further negotiation, investigation, the approval of the boards of directors of both companies, and the execution of a mutually acceptable agreement.

The purchase price, to be paid in cash, is expected to be of a size which requires the approval of Gill and Duffus shareholders.

Cacaofabriek de Zaan is incorporated in Holland and operates from a large factory in Zaanstead. Its business comprises the manufacture of cocoa butter, cocoa powder and cocoa liquor

A further announcement is to be made as soon as possible.

KITCHEN QUEEN

Kitchen Queen, the furniture manufacturing and carpets company, is today expected to issue a statement clarifying the group's trading position. The statement had been expected yesterday.

The shares fell a further 2p to 28p which compares with 40p last Thursday.

Midway slip at Lynton Holdings

PRE-TAX profits of Lynton Holdings declined slightly from £465,825 to £450,120 in the six months to September 25, 1979, but rents receivable increased from £1.34m to £1.6m.

Profits were boosted by £39,000 from property dealing and associate profits amounted to £83,192 (£92,103). Tax accounted for £213,848 against £242,229, leaving net income higher at £236,272 (£223,596).

The interim dividend is unchanged at 1.2p—last year's total was 2.8p from pre-tax revenue of £1.06m, and the Board expects to pay the same this year.

Stated earnings per 20p share are given as 2.64p against 2.55p.

Commenting on the halfway figures, Mr. M. Lambert, chairman and managing director, says the rise in interest rates and charge to revenue in respect of certain properties previously regarded as held for, or in the *course of development,* have reduced improvement in profits.

EDINBURGH TST.

Edinburgh Investment Trust has borrowed a further U.S.$2m.

● LESNEY RATIONALISATION PROGRAMME

Another savage cutback in Toytown workforce

BY ARNOLD KRANSDORFF

THE ANNOUNCEMENT that Lesney Products is to make nearly 20 per cent of its UK workforce redundant emphasises the precarious state of the UK toy industry which last year was worth more than 600m in terms of retail sales.

The employees affected are the latest casualties in one of the worst performing sectors of British industry.

Over the past six months British toymakers have been implementing a savage rationalisation programme. Airfix Industries have announced the loss of 943 jobs at its Meccano factory in Liverpool, Berwick Timpo has shed about 230 workers following the closure of two loss-making subsidiaries, while Triang Pedigree in Wales has pruned its workforce to a mere 25 in an attempt to put the company back on its feet.

Elsewhere, Dunbee-Combex-Marx has divested itself from its troublesome U.S. activities while John Waddington—in the red at the halfway stage to October, 1979—is in the process of cutting back its loss-making Videomaster subsidiary. Other toy companies are also reporting leaner times.

For the major manufacturers, all of which are substantial exporters, the stronger pound has been a severe body blow.

In Lesney's case, where exports accounted for more than 40 per cent of 1978-79 sales, the unfavourable exchange rate has added an extra 30 per cent to the retail selling price of its toys in the U.S., the company's biggest single market. The impact has not been as great in the important West European markets of Germany, Holland and France, but significant nevertheless.

The simple explanation for Lesney's difficulties is that sterling's current strength is pricing the company's Matchbox die-cast model cars, plastic assembly kits and pre-school toys out of its most important markets.

As a result, stocks have been building up to uncomfortable levels, just when interest rates have been at their highest. On top of this, Lesney has had to finance the acquisition of AMT Corporation, a U.S. company, and Metal Castings (Worcester).

Debt levels, consequently, have soared, and year-end borrowings will undoubtedly strain the balance sheet; at the end of 1978-79 borrowings of £22.5m, of which about £12m was short term, represented 50 per cent of shareholders' funds.

The finance charge in the first half of the current year—at £1.6m—was just £0.14m less than the cost of borrowing for the whole of the previous 12 months. Stocks are thought to be as much as 30 per cent higher than the 1978-79 year-end figure of £30m.

Hence the rationalisation programme which is intended to bring production more into line with current demand.

The redundancies, which involve 1,275 full-time employees and several hundred part-time workers, will enable Lesney to cut toy production by about 20 per cent. It was originally intended to put about 2,000 *workers out of work but union* pressure is believed to have forced management to execute a more modest programme.

In direct costs, this will mean a salary saving of around £5m a year but much of this will be offset, initially, by redundancy and other costs.

The extent of redundancy costs depends very much on the length of service by individual employees. In Lesney's case, the company is relatively young, having being floated in 1960 *after eight years' existence,* and few employees will have been with the company for extended periods.

The average length of service is thought to be roughly four years which, at current rates of pay, would indicate a redundancy bill of around £2m. This is slightly less than the projected redundancy costs at Meccano, where employees have generally longer service records.

All this will weigh heavily in the current year. First-half profits have already shown a dive of nearly £3m to £0.49m and the maintained interim dividend was uncovered.

If, as seems likely, the rationalisation costs are brought into the current year's accounts, the prospects for a final dividend look slim.

Lesney's former success in toys was largely based on the development of the Matchbox die-cast model car but it has since branched out into plastic construction kits and slot-car racing.

Die-cast toys are still its bread and butter, contributing up to 65 per cent of group sales. It is an open question whether Lesney will be allowed to attempt a recovery as an independent company or whether an outsider, possibly from the U.S., will make an opportunistic bid.

Castlefield Rubber shares jump 40p

Castlefield (Klang) Rubber Estate, the Malaysian rubber and oil palm fruit producer in which Harrisons and Crosfield has a large interest, is considering selling one of its rubber estates for housing development. The shares responded to this news with a 40p jump to 380p.

The company announced that it was talking about the possible sale, to a development company, of the 1,918 acre Castlefield Estate which is situated at Selangor on the boundary of Kuala Lumpur.

The company said yesterday that it believed there was considerable develoment potential in this area. Part of the deal might involve Castlefield becoming a shareholder in the development of the estate.

During 1978-79 the Selangor State government acquired some 52 acres of the Castlefield Estate for local amenity purposes.

Castlefield has a total of 7,373 acres of which 55 per cent is under rubber and 40 oil palms. In the year ended June 30, 1979 the trading surplus on rubber fell from £281,837 to £252,478 but this was more than made good by a jump in the oil palm surplus from £76,938 to £228,398.

The company said that the scheme would require govern-consent and a further statement would be made.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Brooke Tool	1.68	—	1.41	2.89	2.51
Diamond Stylus ...int.	0.3	Feb. 28	0.28	—	0.88
Gough Cooper	3.5	—	3.38	5.6	5.36
Group Investors§ ...int.	1	March 6	0.8	—	2.2
G. T. Japan Trust ...int.	1	March 6	2	—	7
Hales Props. ...int.	1	March 6	0.9	—	3.1
Robert Kitchen Taylor	7.0	March 31	1.54	10	1.54
Lynton Holdings ...int.	1.2	—	1.2	—‡	2.8
SGB	5.1	April 14	3.55	8.25	6.3
Status Discount	1.4	—	0.49*	2.1	0.9*
Wellman Eng. Cpn. int.	1.6	March 7	1.27	—	2.68

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 1.6p final forecast. § Half-year results to be announced shortly.

ANGLOVAAL GROUP

Mining Companies' reports — Quarter ended 31 December 1979

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures except those for Loraine Gold Mines, Limited for the quarter ended September 1979 and the financial year, are unaudited.
Rate of exchange on 31 December 1979 R1,00 = £0,54 £1,00 = R1,85.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Prieska Copper Mines (Proprietary) Limited

Issued capital 54 000 000 shares of 50 cents each.

		Quarter ended 31 Dec. 1979	Quarter ended 30 Sept. 1979	6 months ended 31 Dec. 1979
Operating results				
Ore milled	t	781 000	728 000	1 509 000
Concentrates produced				
Copper	t	27 932	23 242	51 174
Zinc	t	30 090	22 839	52 929
Concentrates despatched				
Copper	t	20 265	28 648	48 913
Zinc	t	29 868	23 384	53 252
Financial results		R000	R000	R000
Operating profit		3 259	4 286	7 545
Non-mining income		259	276	535
		3 518	4 562	8 080
Interest paid		311	346	657
		3 207	4 216	7 423
Less prior year adjustment		—	1 538	1 538
Net profit		3 207	2 678	5 885
Loan repayments*		4 028	45	4 073
Capital expenditure		2 048	2 108	4 156
		6 076	2 153	8 229
Development				
Advanced	m	6 635	6 601	13 236

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.
*During the quarter the Company redeemed 40% (R2 686 466) of the outstanding 6% Notes.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 31 December 1979 are estimated at R1 874 000 (30 September 1979: R1 592 000)

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 878 shares of 50 cents each

		Quarter ended 31 Dec. 1979	Quarter ended 30 Sept. 1979	6 months ended 31 Dec. 1979
Operating results				
Gold				
Ore milled	t	89 100	81 000	170 100
Gold recovered	kg	558,31	556,23	1 114,54
Yield	g/t	6,3	6,9	6,6
Revenue	R/t milled	72,68	63,20	68,17
Costs	R/t milled	24,54	25,41	24,96
Profit	R/t milled	48,14	37,79	43,21
Revenue	R000	6 476	5 119	11 595
Costs	R000	2 187	2 058	4 245
Profit	R000	4 289	3 061	7 350
Financial results		R000	R000	R000
Working profit — gold mining		4 289	3 061	7 350
Non-mining income		47	89	136
		4 336	3 150	7 486
Prospecting		79	75	154
Profit before taxation		4 257	3 075	7 332
Taxation		2 288	1 629	3 917
Profit after taxation		1 969	1 446	3 415
Capital expenditure		276	210	486
Dividend		1 727	—	1 727
		2 003	210	2 213
State loan levy		218	155	373
Development				
Advanced	m	2 154	2 009	4 163
Sampling results				
Sampled	m	1 350	1 322	2 672
Channel width	cm	204	176	190
Channel value	g/t	5,0	50.7	25,9
	cm.g/t	1 011	8 908	4 919

State assistance
The Company remains classified as an "assisted mine" in terms of the Gold Mines Assistance Act, 1968.

Dividend
Interim dividend No. 59 of 40 cents per share was declared in December 1979 and is payable in February 1980.

Capital expenditure
Outstanding commitments at 31 December 1979 are estimated at R691 000 (30 September 1979: R527 000).

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

		Quarter ended 31 Dec. 1979	Quarter ended 30 Sept. 1979	6 months ended 31 Dec. 1979
Operating results				
Gold				
Ore milled	t	718 000	701 000	1 419 000
Gold recovered	kg	8 041,45	8 090,84	16 132,29
Yield	g/t	11,2	11,5	11,4
Revenue	R/t milled	126,39	98,98	112,85
Costs	R/t milled	42,39	42,15	42,27
Profit	R/t milled	84,00	56,83	70,58
Revenue	R000	90 750	69 385	160 135
Costs	R000	30 440	29 545	59 985
Profit	R000	60 310	39 840	100 150
Uranium oxide				
Pulp treated	t	718 000	694 000	1 412 000
Oxide produced	kg	102 743	102 793	205 536
Yield	kg/t	0,14	0,15	0,15
Financial results		R000	R000	R000
Working profit — Gold mining		60 310	39 840	100 150
Profit from sales of uranium oxide, pyrite and sulphuric acid		10 138	10 389	20 527
Non-mining income		3 154	2 678	5 832
		73 602	52 907	126 509
Interest paid		200	43	243
Profit before taxation and State's share of profit		73 402	52 864	126 266
Taxation and State's share of profit		42 653	30 673	73 326
Profit after taxation and State's share of profit		30 749	22 191	52 940
Capital expenditure		4 829	2 884	7 713
Loans received		4 231	4 019	8 250
		598	(1 135)	(537)
Loan repayments		71	71	142
Dividends		33 600	—	33 600
		34 269	(1 064)	33 205
State loan levy		3 051	2 197	5 248
Development				
Advanced	m	16 079	15 787	31 866
Sampling results on Vaal reef:				
Sampled	m	1 726	2 318	4 044
Channel width	cm	58	59	58
Channel value — gold	g/t	29,8	29,2	29,5
	cm.g/t	1 716	1 726	1 722
— uranium oxide	kg/t	0,41	0,47	0,44
	cm.kg/t	23,66	27,62	25,83

Dividend
Interim dividend No. 48 of 300 cents per share was declared in December 1979 and is payable in February 1980.

Capital expenditure
Outstanding commitments at 31 December 1979 are estimated at R5 670 000 (30 September 1979: R5 799 000).

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

		Quarter ended 31 Dec. 1979	Quarter ended 30 Sept. 1979	Financial year ended 31 Dec. 1979
Operating results				
Ore milled	t	139 800	137 600	534 500
Antimony concentrates plus cobbed ore produced	t	5 546	5 082	20 066
Antimony concentrates plus cobbed ore sold	t	5 898	3 941	22 473
Financial results		R000	R000	R000
Sales of antimony concentrates less realisation charges		5 641	3 606	20 908
Gold and silver sales		1 157	447	2 517
Sundry mining income		12	17	76
		6 810	4 070	23 501
Working costs		3 726	3 675	14 064
Working profit		3 084	395	9 437
Finance charges aid scheme rebate and sundry non-mining income		47	82	521
		3 131	477	9 958
Prospecting		33	22	154
Profit before taxation		3 098	455	9 804
Taxation		598	(171)	2 156
Profit after taxation		2 500	626	7 648
Capital expenditure		1 519	826	2 830
Dividend		2 912	—	4 160
		4 431	826	6 990
State loan levy		56	(15)	205

Consolidated Murchison Ltd. — *continued*

Operations
Gold revenue and production during the quarter improved because of the higher gold price and increased grade. Modifications to the metallurgical plant and the commissioning of a plant to recover gold from the slag discharged from the Antimony Products (Proprietary) Limited plant will result in further increases in gold production in the near future.

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Dividend
Final dividend No. 68 of 70 cents per share was declared in December 1979 and is payable in February 1980, making a total of 100 cents for the financial year.

Capital expenditure
Outstanding commitments at 31 December 1979 are estimated at R487 000 (30 September 1979: R836 000).

Loraine Gold Mines, Ltd.

Issued capital 16 366 986 shares of R1 each

		Quarter ended 31 Dec. 1979	Quarter ended 30 Sept. 1979	Financial year ended 30 Sept. 1979
Operating results				
Gold				
Ore milled	t	383 000	313 000	1 234 000
Gold recovered	kg	1 365,74	1 692,70	6 512,39
Yield	g/t	3,6	5,4	5,3
Revenue	R/t milled	42,93	50,20	38,85
Costs	R/t milled	36,01	40,34	40,75
Profit	R/t milled	6,92	9,86	(1,90)
Revenue	R000	16 444	15 713	47 944
Costs	R000	13 794	12 627	50 287
Profit	R000	2 650	3 086	(2 343)
Financial results		R000	R000	R000
Working profit — gold mining		2 650	3 086	(2 343)
State assistance		—	(372)	6 011
Profit from sales of uranium oxide and pyrite		15	40	263
Non-mining income		128	120	507
		2 793	2 874	4 438
Stores adjustment, employee service benefits and grassing of mine dumps		—	438	438
Profit		2 793	2 436	4 000
Capital expenditure		1 039	866	2 499
Development				
Advanced	m	3 485	3 833	14 703
Sampling results:				
"B" reef				
Sampled	m	50	302	784
Channel width	cm	51	53	54
Channel value	g/t	10,8	3,5	30,8
	cm.g/t	549	188	1 664
Basal reef				
Sampled	m	168	630	1 924
Channel width	cm	8	8	8
Channel value	g/t	74,0	65,0	56,3
	cm.g/t	592	533	473
Elsburg reefs				
Sampled	m	90	82	352
Channel width	cm	80	86	102
Channel value	g/t	4,0	2,8	3,9
	cm.g/t	317	242	400
Total — all reefs				
Sampled	m	308	1 014	3 040
Channel width	cm	36	28	31
Channel value	g/t	14,0	14,6	24,8
	cm.g/t	505	407	764

Production
Underground operations were adversely affected by hoisting accidents. Claims have been lodged with the company's insurers and a provisional amount has been included in revenue. The shortfall in tonnage mined for milling was made up by increasing the rate of dump reclamation.

Taxation
No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure
Outstanding commitments at 31 December 1979 are estimated at R665 000 (30 September 1979: R772 000).

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.

16 January 1980

Gold profits featured by Western Areas

BY KENNETH MARSTON, MINING EDITOR

BOOSTED PROFITS highlight the latest batch of December 1979 quarterly reports from the South African gold mines in the Johannesburg Consolidated and Rand Mines groups. As usual, the average bullion price received during the period varies from mine to mine, depending on the timing of sales, but the prices are some $100 per troy ounce up on the September quarter and run at around $430.

The outstanding increase comes from the "Johnnies" group's Western Areas which has trebled its net profit in the past quarter. A contributing factor has been the sharp reduction in the tax charge, resulting from an acceleration in capital expenditure to R29.7m (£15.9m) which ranks as a tax offset.

In Johannesburg yesterday the Western Areas' financial director, Mr. Vivian Blane, said that the mine's milling grade would probably be reduced again this year—by taking more of the lower grade material—in order to extend its operating life as far as possible. He added that the company was still confident of securing a uranium sales agreement which, he said, seemed very close.

Randfontein, which reports a further improvement in operations at the Cooke plant, says that it is still unable to explain why the recent evaluation of underground reserves at the old Randfontein section of the property gave such poor results when compared with past evaluations. Meanwhile, investigations are continuing to determine the optimum exploitation of these reserves.

The mine's latest quarterly net profit, shown in the following table, does not include an unrealised exchange profit of R5.85m on the US$103.8m uranium consumer loan.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Randfontein ..	31,024	22,596	18,435
Western Areas	34,216	11,759	8,047

In the Rand Mines group the marginal mines, Durban Deep and East Rand Proprietary, have done particularly well in the December quarter with the former doubling its net profit. Furthermore the latest earnings are after allowing for the repayment of State assistance—now no longer needed—which was claimed in the first half of last year.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Blyvoor	16,699	12,979	11,439
Durban Deep .	*4,661	2,086	†1,605
E. Rand Pty. .	*6,526	4,088	†1,556
Harmony	26,326	17,699	17,763

* After deducting State assistance overclaimed. † After receipt of State aid.

Next phase in Donkin mine

WITH Canadian and Nova Scotia Government approvals in place, the Donkin coal project on Cape Breton Island will move into its second development phase, reports John Soganich from Toronto.

Donkin, which could produce 2m tons of coal a year by 1986, is being developed by the Crown Corporation, Cape Breton Development. The next phase of development, lasting until December 1981 will cost C$30m (£11.3m).

It involves drilling two tunnels to the coal face, site clearing, the construction of access roads and the placing of transmission lines. The earlier phase, now completed, embraced detailed offshore drilling and engineering planning.

Initial production from Donkin is expected to come in 1982 when about 200,000 tons should be lifted from the mine, said Mr. John Buchanan, the Nova Scotia Premier. "As the three longwalls progress, production could rise to 2m tons a year by 1986," he added.

The mine could create 2,600 new jobs in the area, according to Government officials. There will be 1,200 jobs at the operation itself, when Donkin is in full production, and the remainder will come from the impact of the mine on the general economy of the area.

The mine will have a significant effect on Nova Scotia's purchases of foreign oil for the generation of electricity. It will reduce dependence to about 20 per cent.

Earnings surge at Rosario

ROSARIO RESOURCES, the New York-based metals and natural resources group currently at the centre of a takeover battle, more than doubled its earnings on continuing operations last year to $31.6m (£13.88m) or $51.17 per share, reports Ian Hargreaves from New York.

Even this level of earnings is, however, likely to prove an understatement as it is based on an assumed value of $25 per troy ounce for the balance of 1979 silver production from the group's El Mochiot mine in Honduras.

Rosario said yesterday that if its calculations had been based on the going spot price of $41 an ounce, earnings would have been 73 cents a share higher.

But there was no word from Rosario on the subject of the rival takeover bids from Amax and Hudson Bay Mining.

At the end of last week, Hudson Bay offered $65 a share for Rosario in a straight cash proposition, against an earlier offer valued at around $55 a share in cash and stock from Amax.

Rosario's sales last year rose mainly because of the soaring price of silver, but they were helped by higher values for other metals, such as lead, mined by the group.

Earnings in the final quarter of the year leapt $12.6m from $4.48m in the last quarter of 1978.

Midwest: new estimate of reserves

INDICATED recoverable reserves at Midwest Lake in Saskatchewan are between 75m and 80m lb of uranium, 60m lb of nickel and 7m lb of cobalt, according to a study prepared by W. M. Gilchrist and Associates.

The study is based on 341 holes drilled by the end of the 1979 exploration season in the main orebody and in sparsely-drilled outlying areas.

It was completed for the "internal purposes" of Numac Oil and Gas and Bow Valley Industries, both of which have a 25 per cent stake in Midwest. The joint venture leader is Esso Minerals, a subsidiary of Imperial Oil, the Exxon Canadian unit, which manages the project.

Esso Minerals did not participate in the study, which estimates the uranium reserves at a lower level than the indications current a year ago.

A strong quarter for Murchison

THE feature of the Anglo-Transvaal group's December quarterly reports is provided by the antimony and gold producing Consolidated Murchison. Shipments of concentrates vary for quarter to quarter and after a poor September quarter Murchison's sales have caught up in the December period.

As a result the three months' net profits have been boosted to R2.5m, bringing the total for 1979 to R7.6m compared with a loss of R500,000 in 1978. Last year Murchison returned to the dividend list with a total distribution of 100 cents (53.5p) and could do better in 1980.

The mine also increased its sales of by?product gold in the past quarter. It expects to achieve further increases in gold production in the near future as a result of the commissioning of a plant to recover gold from the slag discharged by the antimony plant.

At the Prieska base-metal mine, shipments of copper concentrates fell last quarter and despite an increase in those of zinc concentrates working profits for the period were lower. However, the net profit figure exceeds that of the September quarter when earnings were reducd by a debit of R1.54m for treatment charges which should have been accounted for in the previous three months.

A disappointment comes for holders of Loraine which has suffered a fall in its already low ore milling grade with a consequent reduction in gold production. Hoisting accident-affected underground production and the shortfall had to be made up by drawing upon more of the low-grade surface dump material.

The latest quarterly net profits are compared in the following table.

	Dec. qtr. R000	Sept. qtr. R000	June qtr R000
Hartebeestfontein.	30,749	22,191	23,243
Loraine	2,793	2,436	†443
Cons. Murchison	2,500	626	2,226
Prieska	3 207	2,678	7,021
East Transvaal	1,969	1,446	1,481

† After receipt of State aid.

ROUND-UP

A deposit with verified reserves of 250 tonnes of silver has been discovered in the Miyun Mountain area, north east of Peking, according to the New China News Agency. Lead, zinc, cadmium and bismuth has been found in the same area. Meanwhile, molybdenum in concentrations of 0.08 to 0.1 per cent per tonne of ore have been discovered in Liaoning province, and a lead-zinc deposit, 1m tonnes of ore grading 10 per cent lead-zinc, has been found in Hunan, the agency said.

* * *

Kiena Gold, the Falconbridge unit developing a mine in north west Quebec, has signed a letter of intent with Teck Corporation for the toll milling of Kiena ore at the nearby Lamaque mine, owned by Teck.

Kennecott eyes Mexican silver

KENNECOTT COPPER has taken an option to buy a minority stake in a private Mexican company producing 1m ounces of silver a year and holding concessions over an area apparently holding encouraging metal values.

The option, for 49 per cent, is held by Bear Creek Mining, a subsidiary of the U.S. group. The Mexican company involved is Minerales de Bolanos which mines and mills more than 500 tons of ore a day from small underground mines in the Bolanos district, about 100 miles north of Guadalajara in Jalisco state.

Most of the mining done by Minerales de Bolanos has been near the surface and the full extent and value of the deposit on the concessions has not been evaluated.

Bear Creek has started drilling and had completed two holes by the end of last year. Further extensive work has been planned for this year—not surprisingly in view of what the two holes revealed.

Mineralisation has been discovered under the lowest workings of an inactive mine. The first hole intersected a six feet thick vein averaging 15 ounces of silver per ton, 15 per cent lead, 8 per cent zinc and 2 per cent copper.

The second hole also found the vein to be six feet thick, but the grades were different, with silver at 13 ounces per ton, 5 per cent lead, 7 per cent zinc and 4 per cent copper.

119 companies wound up

COMPULSORY WINDING-UP orders against 119 companies have been made by Mr. Justice Dillon in the High Court. They are:

GCB Sheet Metal Company; James Baron Store Designs; K. Thompson Vehicle Disposals; DRS News Services; Goldville Finance.

Terry Phillips Marine; Pictofield; B. and L Chemoplast; Deco Rite; Ronnie Clifton.

Chris Hudson (Traction); Monoframe (Engineering); Anglo Cleaning and Supply Co.; Crosswoods Builders; Chipcrown.

D. Essex Freight Services (Packing); Keencost Warehouse; Transalpine (Shipping and Forwarding); Luba Leisurewear Company.

Wolfking; Cherrycourt Leisure Vehicles; Cherrycourt Motor Conversions; The College Close Hotel; Grove Coach Hire.

Trident Warehousing and Distribution Co.; Shalborn; J. L. Haigh and Co.; G.T. Private Hire (Bordesley Green); Handlodge; Sandybrook Engineering.

Pury Engineering; Stuart Alexander Property Holdings; Flanbourne; Millway Decor; Burgandy Bars; Seaford Engineering.

Glaslyn Cleaning Centres; Bandraft; John Cook Warehousing; Gilescastle; S.F.S.P. Electronics; De Banks Hiring and Finance Co.

D.B. Distribution (UK); H.A. Stephens Associates; Norwood Door to Door Distributors; Jack Billing; Newman's Organ Studios.

Basingspring; H. Westall Transport (Containers); Terry Kemp Services (Basildon); N. and R. Freedman; Horphag; H. J. Horswell and Son.

Jerker Transport; Norman Industrial and Commercial Cleaning Services; First Favell Finance; John T. Rhodes; London Computer Training Centre.

Double M. Concerts; Arvern Enterprises; Perempos; Bronzelynn; H. Bingham (Removals); Grosvenor Entertainments.

Mertrade Holdings; Stallard Developments (Leicester); Spinwell Clothiers; Yaredon Developments; West Yorkshire Securities; Velcon Electronics.

Super-Clens; Shounemead; Cornerview Estates; Guardian Properties (Southwark); Temple Jewellery; Sam [illegible] Levene and Sons.

F.M.F. (Casual Wear); Tedindale; A.D.K Graphics; Children's Educational Records; The Foremet Engineering Company.

F. Southall (Sales); Parry Restaurants; Ralco (Builders); Sea Search; J. J. Taxis of Madeley; BLB Engineering Company.

Trowcraft; Max Corteen Automatics; Vancouver Damp Proofing and Timber Treatment; Thorn and Company (March); F. Wilby.

Cwmavon Engineering Company; Seal Cross and Company; Red Tile Estates; Mateu and Mateu; Balder Builders; Chapman (Jewellers).

Danecost Wells; Dover Finance; E. Steenken and Sons; Ingobell; David Capstick Advertising; Davies Air Conditioning.

Gee-Kay Electrics (Leeds) Company; Hibell Haulage; Vacservice (Barnsley); Pepelel; Cheese Brokers (Cambridge).

Stox Contractors (London); Gadplan; Mayocomputer; Duan Industrial Services; Nancy Linda.

Bonded Limousine Hire; Aldhaven; K. R. Jackson Consultants; L. Guidotti; Pantheon Securities Group.

NORTH AMERICAN NEWS

Bankers Trust NY has peak year

NEW YORK — Bankers Trust New York earned a record $30.1b before securities transactions during the fourth quarter of 1979, an increase of $8.5m over the comparable period. Share earnings of $2.46 per share compared with $1.71 a year ago reports the company.

For the full year income before securities transactions was a record $114.5m, some $31.9m more than in 1978. Share results were $9.37 for 1979 against $6.47 for 1978.

Mr. Alfred Brittain III, the chairman, said the group's continued strong earnings performance in the fourth quarter resulted from increased net interest income, record securities trading profits, higher fees and other income, and a lower loan loss provision. Partially offsetting these improvements were higher expense levels and an increase in the income tax provision.

Fully taxable net interest income totalled $154.4m up $15.7m or 11 per cent. This improvement resulted from the greater value of interest-free funds and from a $3.6bn increase in earning assets.

Securities trading profits totalled $16.1m, up $15.6m from last year. For the year, securities trading income totalled a record $24.6m.

The loan loss provision amounted to $10m for the fourth quarter, a $10m decline from a yea rago. Actual net charge-offs for the fourth quarter were $6.5m, down $6.3m from a year ago. As a result, the loan loss allowance increased to $157.3m, or 0.98 per cent of total loans, from $131.4m, or 0.96 per cent of loans a year ago.

Record interest rates improve bank earnings

BY DAVID LASCELLES IN NEW YORK

SEVERAL U.S. banks yesterday reported increased earnings for 1979, attributing them mainly to the record interest rates that prevailed for most of the year.

Bank of New York's income increased 11.6 per cent for the whole of 1979, from $39.5m or $6.55 a share to $43.9m or $7.11. But earnings in the fourth quarter fell by 7.9 per cent, from $11.8m or $1.95 to $10.8m or $1.70, mainly because of a $10.5m increase in loan loss provisions.

First National Bank of Boston reported a 36 per cent increase in earnings for 1979: $84.95m or $6.90, up from $62.7m or $5.11. Earnings in the fourth quarter rose by 30 per cent to $22.4m or $1.82 from $17.2m or $1.40.

Mellon National Bank of Pittsburgh turned in income before securities transactions of $28.9bn or $1.32 per share, up 9 per cent on last year's $23.8m or $1.21. This brought the bank's year-end results to $101m or $5.15, compared to 1978's $86.3m or $4.40.

Security Pacific, the leading Californian bank, reported operating income of $42.4m or $1.53, up from $34.9m or $1.35. Full year income was $164.5m or $5.97, up 24 per cent on the previous year's $132.9m or $5.18.

Bancal Tri-State, also of California, reported income of $5.1m in the fourth quarter, up from $4.6m or $1.02, bringing its 1979 total to $20.4m or $4.52, up from $15.7m or $3.85.

MANUFACTURERS HANOVER, fourth largest bank in the U.S., earned $211.6m or $6.41 per share) before securities transactions in 1979, up 16 per cent on the previous year's $181.7m ($5.58). Earnings in the fourth quarter were $51.7m ($1.56), up from $45.5m ($1.39).

The bank said that major factors in the earnings improvement were higher net interest income resulting from higher domestic and overseas loans, and higher interest rates which increased the value of non-interest bearing liabilities.

Irving Bank of New York had a 25 per cent earnings increase in 1979, from $55.2m ($6.27 per share), to $69m ($7.84). The bank said this resulted mainly from an increase of net interest income from $326.1m in 1978 to $398.8m, and higher operating income, mainly in foreign exchange. Fourth quarter earnings were $19.5m ($2.21), up 14 per cent from $17.1m ($1.94) in the same period in 1978.

General Motors sees upturn

BY OUR NEW YORK STAFF

GENERAL MOTORS believes that thet U.S. car sales recession — the industry's worst since 1975—is at its lowest point.

Mr. Elliott M. Estes, president of the world's largest motor company, said that GM did not expect to add to its total of more than 70,000 workers laid off, and that the level of active employment in the company would start to rise again "in a month or so."

Moreover, Mr. Estes made it clear that in spite of the swift downturn of the past six months, GM is not reducing its forecast of the number of vehicles expected to be sold in the U.S. this year.

That forecast of 10.5m cars and 3.5m trucks, roughly the same as last year's sales, is already 10 to 15 per cent more optimistic than the projections of other U.S. motor manufacturers and industry analysts. If GM's forecasts are right, 1980 car sales would be at their fouth or fifth highest level.

At the heart of GM's traditionally optimistic outlook is a series of hopeful assumptions about the progress of the U.S. economy this year. The company expects a mild recession in the first half of the year, and believes that this will be sufficient to pull inflation back into single digits by the end of the year.

It does not expect unemployment to increase significantly, ensuring stable real disposable income levels in the first half of the year and rising levels in the second half.

The company's economists also reject the argument that the level of consumer debt is dangerously high. It says that the high statistics in this indicator relate to the increasing proportion of families owning their own homes.

Mr. Estes said that he was also confident that the level of car imports to the U.S. would decline this year from last year's 21.5 per cent record.

Over 200,000 car workers are laid off either temporarily or permanently in the U.S., and at the present rate of sales the industry has 75 days of car stocks, in spite of a rash of cut-price sales efforts in recent weeks. The normal level of stocks is 60 days.

The worst-placed company in terms of stocks is still Chrysler, which at the end of the year had 113 days' supply of cars. Ford had 86 days' supply, and GM 65 days.

Monopoly inquiry into Black & Decker

By Our New York Staff

BLACK AND DECKER Manufacturings, the world's largest maker of portable power tools, confirmed yesterday that the Justice Department is investigating it to see whether it is trying to monopolise the market for power tool accessories such as drill bits and sanders.

Black and Decker has rejected the Department's claims and has put together a 26-page memo rebutting them. The company said it had only 5 per cent of an approximately $700m market.

Black and Decker, which has large overseas operations in Europe and elsewhere, had its shares listed on the London Stock Exchange last week, and plans further listings on the Continent, where its shares are at present only traded in Switzerland.

Westinghouse agrees $47m settlement

PITTSBURGH—Westinghouse Electric Corporation said that it had reached a tentative settlement with Kansas Gas and Electric Company and Kansas City Power and Light Company in the utilities lawsuit against Westinghouse for failure to fulfill a uranium supply contract.

Westinghouse said that the pre-tax cost of the settlement would be about $47m. The cost will be charged as an extraordinary item in the corporation's fourth quarter earnings.

If the settlement and the previously announced settlement with Union Electric Company become effective Westinghouse will have settled 14 of the original 17 uranium lawsuits brought against it by a group of utilities.

The utilities sued Westinghouse after the company cancelled its uranium supply contracts in 1975 following a steep rise in uranium maret prices.

AP-DJ

Conoco third quarter profit up by 134 %

STAMFORD—Conoco expects 1979 to be a record year by a "wide, wide margin," Mr. Ralph E. Bailey, chairman and chief executive, said.

Third quarter profits were up 134 per cent to $247.1m, or $2.30 a share. Nine-month earnings were up 111 per cent to $624.7m, or $5.81 a share, beating the previous record for annual earnings set in 1976 of $456.2m, or $4.34 a share.

AP-DJ

EUROBONDS

Activity stays in DM and Swiss sector

By Francis Ghilès

THE ONLY AREA of the Eurobond market which is displaying any real activity is the new issue sector of foreign Deutschemark and Swiss franc bonds.

Secondary market trading has come virtually to a standstill in the dollar sector, where recent Japanese convertibles came under some pressure yesterday. The recent $70m convertible to 1984-94 for Mitsubishi which was arranged by Morgan Stanley, dropped 2½ points to 126½.

The DM 200m five-year public offering for Norway which carries a coupon of 7½ per cent was increased to DM 250m before being priced at 99¾ by the lead manager Deutsche Bank, to yield 7.56 per cent. Secondary market prices of foreign D-Mark bonds ended the day unchanged.

In the Swiss franc sector a SwFr 150m six-year private placement has been completed for the World Bank through Union Bank of Switzerland. This issue carries a coupon of 5½ per cent and has been priced at par to yield 5.5 per cent, a figure which is rather high for a borrower which has been considered up to now as a prime name. Investors seem to be displaying a certain reluctance to take into their portfolios paper issued by such a prolific borrower.

A SwFr 21m public offering has been completed for the Canadian vehicle producer. Bombardier Inc. through Credit Commercial de France (Suisse). The borrower is paying a coupon of 5¾ per cent for 12½ years and the bonds have been priced at par.

Foreign Swiss Franc bonds shed ¼ point but the SwFr 60m ten-year issue for Osterreichische Donaukraftwerke, which was priced ten days ago to yield 5 per cent and started trading yesterday, was quoted at par. Another recent issue for an Austrian borrower SwFr 40m issue for Tauern Kraftwerke which was priced six weeks ago to yield 5.25 per cent yas yesterday trading at 104½, at which [illegible]

Leasing switch causes continued decline at IBM

BY IAN HARGREAVES IN NEW YORK

INTERNATIONAL Business Machines yesterday reported its first annual earnings decline in decades.

But the net profits figure of $3.01bn, a 3.2 per cent decline from the 1978 total, was fairly well in line with analysts' recent predictions and IBM's share price improved fractionally immediately following the announcement.

IBM blamed its deteriorating results on the volume of customers switching from outright purchases of machines to lease transactions as they await further developments of IBM's new and more powerful generation of computers.

The company also had a bad year on foreign exchange conversions, experiencing a loss of $52m, compared with gains of $113m in 1978.

Mr. Frank T. Cary, IBM's chairman, said that shipments of data processing equipment had been "significantly ahead" of shipments in 1978, but the growth of leasing had eroded purchase revenue.

Consolidated gross income from rentals and services increased by 8.7 per cent last year, struggling to keep up with a rate of inflation which had been, said Mr. Cary, greater than expected.

The preliminary figures published yesterday showed earnings of $1.008bn or $1.73 per share in the final quarter of the year, which represented a 1 cent per share decline from the same period of 1978.

Gross income or revenue for the quarter was up by 6.1 per cent to $6.8bn. Revenue for the year was up 8.5 per cent to $22.8bn.

IBM experienced a sharper than average decline last year in its operations outside the U.S., showing net earnings of $1.43bn, against $1.56bn the previous year. Revenue from international business was up from $11.04bn to $12.24bn.

Analysts are optimistic that the decline in earnings which has dogged IBM this year and played havoc with its share price will be reversed this year.

The company's recent announcement of sweeping price increases and even higher increases in leasing and rental charges to be implemented in the next few months are considered likely to lift 1980 earnings to between $5.60 and $6.00 per share.

By cutting the price of some of its smaller computers, IBM has sought to restore a balance in sales and leasing operations in order to improve short term profitability as its new generation of machines, led by the 4,300 family, gain acceptance.

Xerox reveals growth plans

STAMFORD — Although expecting the U.S. economy to soften, Xerox Corporation has "very aggresive" growth plans for 1980, Mr. C. Peter McColough, chairman and chief executive, said. But while looking for improved revenue and earnings for the year, the company expects a decline in profit margins.

Mr. McColough declined to be more specific, nor would he estimate 1979 results, which are still being compiled. Xerox officials, however, deemed "reasonable," with one qualification, some analysts' estimates that 1979 earnings rose to the $6.70-$6.80 a share range from $5.77 a share, before extraordinary income in 1978. The officialc said that most analysts do not seem to be taking into account a slight dilution—about 1 per cent—caused by Xerox's acquisition of WUI.

Mr. McColough said that he would be surprised if directors did not raise the quarterly dividend, currently 60 cents a share, in February or March. But he was not sure that the company this year should again increase the proportion of earnings paid out as dividends.

AP-DJ

Penalty income boosts Imperial

BY OUR FINANCIAL STAFF

IMPERIAL Corporation of America, the large savings and loan company operating in California, Texas, Kansas and Colorado, expects 1979 earnings in the range of $5.20 to $5.25 a share, compared to $69m or $4.96 a share in 1978, largely because of penalty income from savers who made early withdrawals, and from real estate profits.

Imperial said that a net income estimate of roughly $74.7m for 1979 was "not unreasonable," although soaring interest rates had been expected to batter profit margins. In recently revised estimates financial analysts had projected 1979 net income of $4.90 to$5 a share.

Declining spreads from mortgage lending in the fourth quarter were partly offset by penalty income of about $3m compared with $2m in all of 1978. The penalty income was paid by savers largely in October and November, who made early withdrawals to plough their funds into short-term instruments, the rates of which soared after the Federal Reserve tightened credit on October 6.

Earnings were also boosted by Imperial's real estate development side where operating income before taxes was roughly double the $5m reported for 1978.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	80	89½	90	−0⅛	+0¼	11.84
Alex Howden XW 9½ 91	30	76	77¼	−1¼	−1⅛	13.83
Aquitaine Can. 11¼ 85	30	96⅜	97⅛	−0⅛	−0⅛	12.12
Australian Res. 9⅜ 84	30	91⅝	92⅛	−0⅛	+0⅛	12.01
Avco O/S Cap. 10¼ 87	40	81⅞	82½	−0⅛	−0⅛	14.31
Beneficial Fin. 9½ 87	100	89⅝	90⅛	−0⅛	−0⅛	11.83
CECA Grad. Rate 12 86	100	96½	97	0	0	12.72
CECA 9⅞ 99	125	†80	80½	−0½	−0⅛	12.85
Canadian Pacific 9⅞ 89	50	89⅛	89⅝	−0½	0	11.61
Carter Hawley 9⅞ 86	50	89½	90	−0⅛	0	12.09
Comalco Inv. E. 10¼ 91	40	90	90½	−0⅛	0	11.82
Continental Grp. 9⅞ 86	100	89½	90	−0½	−0⅛	11.96
Dome Petroleum 10 84	50	88⅛	88⅞	−0½	−0⅛	11.64
Dominion Bridge 10¼ 84	30	94⅝	95⅛	−0⅛	0	11.76
EIB 11⅞ 92	80	96⅝	97⅛	−0⅛	−0⅛	12.24
EIB 10 99	150	84⅝	85⅛	−0⅛	−1⅛	12.35
EIB 10⅝ 87	100	91⅝	92⅛	−0⅛	−1	12.21
EIB 10.15 99	100	85⅝	86⅛	−0⅛	−1⅛	12.37
Ekportfin 11¼ 87	50	95⅞	96⅜	0	0	12.19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	87⅞	88⅜	−0⅛	0	13.06
Bell Canada 10⅜ 86 C$	60	93	93½	0	−0⅛	12.25
Cr. Foncier 10⅜ 84 C$	30	90⅝	91⅛	+0⅛	+0⅛	13.07
Ex. Dev. Cpn. 10 84 C$	50	92½	93	0	+0⅛	12.21
Fst. Can. Inv. 10 84 C$	50	90⅞	91⅜	0	−0⅛	12.75
Hudson Bay 10½ 89 C$	60	89⅞	90⅜	0	+0⅛	12.33
Quebec 10¼ 86 C$	50	90⅞	91⅜	0	−0⅛	12.31
R. Bk. Canada 10 86 C$	40	91⅜	92⅛	−0⅛	−0⅛	11.87
R. Bk. Canada 10 94 C$	40	84⅞	85⅜	0	−0½	12.23
Copenhagen 8⅝ 91 EUA	20	98⅜	99⅜	0	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	†96	97	0	0	9.50
SOFTE 8¼ 89 EUA	40	88⅞	89⅞	0	+0⅛	10.06
Algemene Bk. 8⅛ 84 Fl	75	97⅛	97⅝	+0⅛	+0⅛	8.91
Amev 8½ 86 Fl	75	97⅝	98⅛	−0⅛	+0⅛	8.89
Ned. Middbk. 8⅝ 84 Fl	75	96⅞	96⅜	0	+0⅛	9.27
Norway 8⅜ 84 Fl	100	96	96½	0	+0⅛	9.36
Norway 8⅜ 84 Fl	100	96	96½	0	0	9.25
Rabobank 9 84 Fl	25	100⅜	101⅛	−0⅛	+0⅛	8.72
Air France 11 84 FFr	120	97⅜	98⅜	−0⅛	0	11.47
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse 4¾ 93	10/79	1325	110⅛	111⅛	−0⅛	−0.37
Daiei Inc. 6½ 94	11/79	1020	96⅞	97⅞	−0⅛	6.14
Esaeita 7¾ 89	9/79	159	93⅜	95	+0⅛	−0.49
Honda Motor 5½ 89	6/79	532	106⅞	108⅛	−0⅛	2.25
LPC Internatnl. 8 89	9/79	35	99⅝	100⅝	+0⅛	−6.37
Meidensha Elec. 7 94	12/79	210	93⅜	94⅜	−0⅛	16.02
Mitsubishi Cp. 6½ 94	10/79	604	125½	126½	−2⅛	7.14
Nippon Seiko 7¾ 94	12/79	339	95⅞	95⅞	−0⅛	5.12
Nitto Elec. Ind. 6 94	7/79	735	82⅞	83⅜	+0⅛	13.40
Toshiba Cpn. 7¾ 94	10/79	198	97	97⅜	−0⅛	7.50
Union Bk. Switz. 5 89	2/80	125	110⅜	112⅛	−0⅛	4.95
Fujitsu 5 84 DM	7/79	475	97⅞	98⅜	0	17.08
Kansai Elec. 4 84 DM	4/79	1234	86½	87½	0	50.05
Tokyu Ld. Cp. 4 86 DM	4/79	493	78⅜	79⅜	−0⅛	51.67
Uny Co. 6½ 85 DM	11/79	1071	98⅛	99	+0⅛	22.04

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AEG rescue plan meets with hostile reception

BY GUY HAWTIN IN BERLIN

A CROWDED extraordinary general meeting here yesterday gave a noisy and by no means enthusiastic reception to the plans for the rescue of AEG-Telefunken which involves the write-off of two-thirds of the group's capital.

The small shareholders, who are estimated to own at least 60 per cent of the desperately ailing electrical giant, made it clear to the group's supervisory and executive Boards that they were not wholly impressed with the rescue. Nor were they satisfied with the answers to their questions on the management of AEG's affairs.

One small shareholder told the group's Boards: "We have a right to answers . . . we are *not under pressure from* Russian tanks." Some drew comfort, however, from the forecasts of Dr. Walter Cipa, AEG's chief executive, who announced his resignation in December on the day that he unveiled the rescue package.

Dr. Cipa said that the group's sales this year were expected to rise by between 5 and 7 per cent on 1979's DM 14.2bn. This would be a better performance than last year when turnover virtually stagnated.

If things went according to plan, he said, AEG would break even this year and return to profit in 1981. This compares with 1979's accumulated losses of DM 1.26bn—composed of DM 295m carried forward from 1978 and a DM 930m loss last year.

These losses, Dr. Cipa said, had virtually run AEG out of capital. Only some DM 170m was left out of DM 930m nominal capital and DM 499m reserves.

Strong security measures were *in force at the Congress Hall in* Berlin's Tiergarten, where the rescue package was explained to shareholders. All participating were subject to a body and luggage search, while the hall, as well as its ancillary rooms, were crawling with gun-toting police and security men. Shareholders and Press were greeted by union pickets, protesting at the loss of 13,000 jobs that are to go as part of the rescue package.

Under the package, some DM 2bn worth of AEG's long-term *debt will be restructured* from January 1 this year. The restructured credit lines will run for eight years, the first two years of which will be interest-free.

Dr. Cipa said that the banking consortium, led by the Dresdner Bank, have given an assurance of heir "good will," when it came to fixing interest rates in 1982. Short and medium term credit lines, he said, had also been assured.

He also disclosed details of a so-called "solidarity loan," which, according to the rescue package, will be subscribed to by the insurance groups and other leading West German companies.

He said that it would take the form of an issue of up to DM 155m in unsecured promissory notes, carrying option rights to the purchase of AEG shares. From 1982 to 1985 holders would have the option to buy AEG shares at DM 150 a share on a one-for-two ratio.

A *further* "solidarity loan" is also foreseen, said Dr. Cipa. This would take the form of a promissory note issue of between DM. 200 and DM 450m.

Dr. Cipa said that the management's strategy for putting the group back on its feet remained unchanged. It had designated the four main production sectors, in which the group would operate — energy and industrial technology, telecommunications and the major proportion of its consumer goods' lines. Other activities were regarded as dispensable.

The process and guidance technology sector had been returning losses for years and needed to be put on a broader basis. It had been decided that co-operation with another company offered the best potential.

Therefore, AEG had acquired at the beginning of this year a 25 per cent stake in the U.S. computer group, Modular Computer Systems. The two groups planned to jointly found a German company — with AEG holding 75 per cent—to market Modcomp's computer guidance systems.

Metal prices boost Boliden

By Victor Kayfetz in Stockholm

A DRAMATIC return to profits for 1979 was forecast yesterday by the Swedish metals and chemical group, Boliden. The company also predicted sharp growth in 1980.

Before tax but after extraordinary items, profits in 1979 will be close to SKr 400m ($96m) compared with a loss of SKr 78m in 1978. In the current year, profits will exceed SKr 500m.

At a Press conference aimed at "providing a balanced picture of what impact on earnings may result from recent price rises" in gold and silver, Mr. John Dahlfors, Boliden's managing director, declined to give details of what metals were *involved in the group's forward* sales or how long the contracts would run. Boliden mines and processes its own zinc, copper, lead, gold and silver.

Mr. Dahlfors said that based on current assessments of metal price trends and Boliden's planned 40 per cent increase in capacity of its Aitik copper mine in Northern Sweden, which can now produce 8m tonnes of the metal annually, group managers expect earnings in 1981 to *also exceed SKr 500m.*

Boliden believes metal prices on the whole will remain at "satisfactory levels" during the first half of the 1980s. "Only a few companies are expanding their production capacity. The situation today is thus not comparable with that prevailing in the mid-70s when capacity was rapidly expanded, which in combination with declining consumption resulted in growing stockpiles which in turn brought about strongly depressed metal prices."

Boliden's strategy for the next few years involves a continued concentration on mining, smelting, inorganic chemicals and fertilisers, international trade and sale of technology, with a major increase in international activity being planned.

The group is investing SKr 150m in expansion at Aitik, SKr 160m for a saltpetre factory in central Sweden and SKr 25m for a calcium chloride production unit. In 1979 it bought varying shares of several companies that together dominate the Scandinavian market for lead recycled from old car batteries and similar sources.

Earnings in 1980 and 1981 would "considerably increase" the group's degree of self-financing and provide opportunities for "additional aggressive measures."

U.S. acquisition by Henkel

BY KEVIN DONE IN FRANKFURT

HENKEL, one of West Germany's leading manufacturers of detergents, household chemicals and cosmetics, has strengthened its position in the U.S. speciality chemicals market with the acquisition of Amchem Products, a subsidiary of Union Carbide.

Amchem, which has its headquarters in Ambler, Pennsylvania, specialises in the production of chemicals for protecting and cleaning metal surfaces. Henkel has been keen to increase its activities in the U.S. since its purchase in 1977 of General Mills Chemicals of Minneapolis for DM 175m.

With the acquisition of Amchem, Henkel's U.S. sales will be increased to about DM 600m, a little under 10 per cent of the group's worldwide turnover Union Carbide acquired Amchem's metal-working activities, when it bought the group for its agricultural chemicals business three years ago.

Henkel increased group sales last year by nearly 9 per cent to DM 6.8m, a less impressive growth rate than that achieved by the big three West German chemicals majors, Hoechst, BASF and Bayer.

Its new U.S. subsidiary has an annual turnover of DM 80m with a workforce of some 550 employees. Through the acquisition Henkel is aiming to introduce its own industrial cleaning chemicals to the U.S. market. It refused to give a precise purchase price yesterday, but the acquisition is believed to have cost DM 25m-DM 35m.

Amchem has four production sites in the U.S. along with subsidiary companies in Brazil, Mexico, Belgium and Africa. It has licensed its technology in many countries and Henkel itself has been selling Amchem products for the last three years. Amchem manufactures a range of about 350 different chemical speciality products, which are chiefly used by the car, aluminium processing, canning, wire and household appliance industries.

For several years Henkel has been following a strategy of extending its overseas operations and at the same time diversifying its range of goods on the German market. Its sales have been increasing most rapidly outside Europe.

PARIS BOURSE REVITALISATION

Monory gets it right

BY TERRY DODSWORTH IN PARIS

WHEN THE French electorate rejected the Left's plans for sweeping nationalisation almost two years ago, the present Centre - Right Government immediately made it clear that it had big ideas for the Bourse. The stock market, according to its plans, was to be one of the motors pulling the economy in a new direction—towards a more liberal system, regulated by market forces and strengthened by the competition for funds.

The Bourse, in short, was to become much more of an Anglo-Saxon type of institution. It was to produce more funds for industry than in the past, and it was to mobilise this cash through equity and reduce industry's dependence on debt.

Behind this change in direction was a feeling that industry *had become far too dependent* on debt financing. During the mid-1970s the loan element in company balance sheets had begun to cost too much to service. Industry had run up heavy debt during the oil crisis, partly encouraged by tax concesssions on this form of finance, and it was felt that this trend was having a cramping effect on investment.

The Government also wanted to find ways of steering the French public away from their traditional investments in land, property and gold. Industry needed these funds, it was argued, in the battle for world markets. Thus the Bourse, in the official view, had to be changed into a magnet for the small private investor as well as the big institutions.

Twenty-one months after the 1978 elections, the Government must be relatively happy with its experiments. Equities are still riding high. In 1979 they shrugged off a five-week strike by Bourse employees, as well as the U.S.'s October measures, which caused serious competition from high interest stocks. The CAC General Index finished 17 points up on the previous year, following on from an extraordinary 47 per cent increase in 1978.

Despite Afghanistan, Iran, OPEC and gold, there are still optimists around in the stock-broking community who believe that the index will continue to notch up steady gains until at least the middle of the year. Their arguments run something like this: First, the equity market is still climbing back after the long mid-1970s recession caused by the oil crisis and wariness of the Left's nationalisation projects. At 105.1 yesterday the CAC General Index, probably the most reliable guide to the French market, still has some way to go to get back to last year's high of 113.4, reached just before the Volcker measures hit Wall Street. But many brokers think that the index should at least recapture those 13 lost points, and probably more.

Second, the so-called Monory SICAVs, the group of unit trusts named after M. Rene Monory, the *Economics Minister*, are continuing to pull new money into the market. There are now almost 20 Monory SICAVs operating in France. These are distinguished from other unit trusts by the fact that 60 per cent of their portfolio has to be in French stocks, an investment guideline which gives their shareholders the right to deduct FFr 5,000 ($1,200) a year from their *income tax liability.*

In 1978, these investment vehicles brought around FFr 4bn on to the market. Last year they continued to attract new investors — up to 790,000 Frenchmen have put money into the Bourse who have never done so before—although the total amount may be a little down on the 1978 level. These figures compare with a total market capitalisation in Paris at the end of 1979 of FFr 220bn.

The third encouraging factor lies in the impact of the change in direction of French industrial policy on profit margins and dividends. The liberalisation of industrial prices pushed up profits by between 15-20 per cent (depending on whether oil companies are included in the calculation) in 1979, and enabled companies to increase their *dividends by an estimated 11 per* cent on average. The general view is that these improvements will not dissipate quickly. Companies are said to be healthier and more toughly run at the moment than for several years.

There is also a feeling that the Government will do its best to "manage" the market to keep its performance running at least a little ahead of last year's. Government management of the market may seem inconsistent with the current ideas of freeing industry from administrative constraints. But the market is important to the present industrial strategy, and sufficiently small for the influence of the Economics Ministry and the investing power of the Government-controlled insurance companies to be felt.

Some analysts also suspect that the flow of rights issues —down by 32 per cent to FFr 3.6bn on the equity market last year—demonstrates deliberate influence by the authorities. Many companies which would have liked to come to the market did not do so, it is argued, because the authorities wanted to keep a relatively stable market, with the demand for new funds in balance with what was coming in.

Against these positive factors for the equity market must be set the forecasts for a more difficult year for industry in 1980. Profits growth can hardly be expected to be as vigorous in the next 12 months as in the last. The main effects of the liberalisation programme on industrial prices have already fed through, and the oil companies will be unlikely to throw up the enormous stock profits, they showed last year.

Similarly, the growth forecast for France shows a fall from about 3.6 per cent in 1979 to 2.5 per cent or less, while companies will be facing a much more difficult international climate. The international factor has become increasingly important in the last few years as France has grown into a leading exporting nation (third in the world at the end of 1979). Today, the performance of many of the major French companies depends fundamentally on overseas markets.

To some extent, investors have already taken account of these economic trends. The high performing consumer and leisure sectors took a tumble last year, and the motor industry was particularly hard hit. The tighter vehicle sales expected in 1980 must now have been largely discounted at PSA Peugeot-Citroen (down 48 per cent), Michelin (down 30 per cent) and Ferodo (down 31 per cent).

Thus many of the negative factors may have been taken sufficiently into account not to cause much of a further fall in the more vulnerable sectors. In addition, there are some analysts who feel that the French engineering industry, whose performance tends to follow the U.S. growth pattern, will begin to feel some of the beneficial effects of the increased U.S. defence spending plans. "I cannot see," says one analyst, summarising the situation, "why the French market should perform exceptionally well. For that you need exceptional circumstances, like the beginning of the Monory SICAVs. But there are all sorts of reasons why it might perform quite well."

BOURSE STATISTICS

CAC General Index (1961=100)	Jan. 1979: 86.7	Dec. 1979: 102.7 (+17%)
Market capitalisation	Dec 1978: FFr 188.8bn	Dec. 1979: FFr 220bn
Overall turnover	1978: FFr 85.2bn	1979 FFr 96.1bn= +12.8%
New gross shares issues	1978: FFr 5.3bn	1979: FFr 3.6bn= −32%
Best performers:	Esso: +245.3%	Raffinage: +179%
	Elf Aquitaine: +173%	Elf Gabon: +101%
Worst performers:	Peugeot Citroen: −46%	SCOA: −45%
	Moulinex: −44%	Skis Rossignol: −43.5%

Austrian bank's offshoots lift sales

BY PAUL LENDVAI IN VIENNA

ONE OF Austria's "big three" banks, Oesterreichische Laenderbank, experienced a 6 per cent increase in the overall turnover of companies which it directly or indirectly controls. In all, the eight industrial enterprises had total estimated sales of Sch 15.1bn ($1.2bn) last year.

Chemiefaser Lenzing, the man-made fibres producer, is expected to resume dividends after turnover last year rose from Sch 2.7bn to Sch 3.08bn. Exports accounted for Sch 2.36bn against Sch 2.02bn in the year before. But the order book at the end of the year was Sch 720m, or Sch 80m down on *the position at the end of 1978.*

Poor AG, the building company, reported a slight fall in turnover from Sch 3.13bn to Sch 3.05bn as a result of the upheaval in Iran, where the company was heavily committed. Foreign sales were down from Sch 450m to Sch 270m, but incoming orders were up by Sch 900m to Sch 2.0bn. However, the order book at the end of 1979 was down to Sch 2.7bn from Sch 3.4bn a year earlier. Production staff was reduced by 600 to 4,050.

Wagner - Biro, the heavy engineering company, maintained its sales total at Sch 2.45bn, but exports were increased from Sch 1.3bn to Sch 1.6bn. The order book showed a slight rise from Sch 4.4bn to Sch 4.5bn between the end of 1978 and 1979. The Labour force was cut by 160 to 3,240, and the dividend for 1979 is likely to be unchanged at 4 per cent.

Norregaard Oesterreich AG increased its turnover from Sch 1.45bn to Sch 1.8bn. The paper and pulp plant is as said to be operating currently without a loss, but is not likely to record a profit until 1981.

Perlmooser Zementwerke maintained its turnover at Sch 1.6bn, and the staff was cut slightly from 1,727 to 1,660. The dividend is likely to be held at 9 per cent plus a 2 per cent bonus.

Stuag Building company is expected to pay an unchanged dividend of 8 per cent. Its turnover was slightly up at Sch 1.5bn. The order book, however, was worth only Sch 650m against Sch 800m at the end of 1978.

Voith AG, the engineering concern, reported a turnover of Sch 1.2bn against Sch 1.15bn, with exports accounting for 60 per cent. The order book at the end of last year was Sch 1.4bn compared with Sch 1bn a year earlier. An unchanged dividend of 6 per cent is expected.

AG Fuer Bauwesen, another construction company controlled by the Laenderbank reported an *unchanged* turnover of Sch 420m. The dividend is also likely to be unchanged.

Legrand completes CGE deal

PARIS — Societe Legrand, maker of electrical fittings, said yesterday that it had exercised tis option to acquire and 80 per cent interest in Arnould-Fae, a loss-making subsidiary of the Cie Generale d'Electricite (CGE) group specialising in the manufacture of low-voltage circuit-breakers.

The move was initiated by the Government, which preferred to see a "French solution" to Arnould's difficulties rather than have a foreign group move in.

CGE had reached a *preliminary agreement with the Siemens* group of West Germany under which Siemens would acquire a 50 per cent interest in Arnould-Fae's FFr 35.4m ($8.8m) capital. CGE is known to have favoured this project in the hope of greater co-operation with Siemens.

AP-DJ

European move for JWT

By Our Financial Staff

INTERNATIONAL advertising agency, J. Walter Thompson has agreed to acquire a majority interest in the Euro-Advertising agencies in Bologna and Milan, Dusseldorf, London and Paris.

Thompson said that Euro-Advertising will provide it with a second agency network in Europe. In return, Thompson will provide some of its capabilities and capital resources which will enable Euro-Advertising to expand its position throughout the world.

Specific terms were not disclosed, but the purchase price will be based partially on the companies' future earnings: total billings for the E-A agencies were about $100m in 1979.

In addition to the agencies being acquired, the Euro-Advertising group has associated agency operations in Amsterdam, Athens, Brussels, Lyons and Zurich.

Manfred Senkel, head of Euro-Advertising Dusseldorf, will be chief executive of the group.

Paris bank in Singapore link

SINGAPORE — Banque Nationale de Paris (Southeast Asia), jointly set up by Banque Nationale de Paris and the Post Office Savings Bank of Singapore, is to undertake investment portfolio management, participating in primary and secondary debentures markets in Singapore and other Asian currencies and emphasise lending and corporate financing in the region, M. Jacques Calvet, chairman of the parent bank, said in Singapore.

Banque Nationale has a two-thirds stake in the merchant bank, while the remaining of the S$7.5m (US$3.4m) paid up capital is owned by the Post Office Savings Bank.

AP-DJ

EQUITY OWNERSHIP

New deal emerges in Australia

BY JAMES FORTH IN SYDNEY

WESTERN AUSTRALIA'S only brewer, Swan Brewery, has come up with a corporate reconstruction proposal which could cause headaches for the Australian Government and taxation authorities. Swan and its advisers, Hill Samuel Australia, have devised a package which combines the most attractive features of company and unit trust structures, but avoids the limitations of either.

The innovatory scheme has the potential to revolutionise the corporate sector. The primary aim is to reduce the tax paid by the group, but the new structure appears extremely flexible and could hold sufficient attractions for many companies to make the switch.

The Swan scheme involves the use of a property trust which will acquire some of the assets of the present company. This concept is not entirely new: late in 1978 the property development group Westfield underwent a capital reconstruction, with the establishment of a property trust which bought the major part of the company's assets. The attraction of a trust is that it pays no income-tax provided all its income is distributed. The transfer of income-producing assets to this tax-exempt area considerably reduced Westfield's tax bill and boosted the income of the former shareholders.

The only tax levied applies to the individual tax payer, who is required to include the distribution from the trust in his assessable income. The Westfield proposal partly eliminated existing double-taxation, under which a company pays tax on its profits—currently 46 per cent—and then declares dividends which are taxable in the hands of shareholders.

In the first flush of change, predictions were made that the Westfield scheme would be widely adopted, resulting in a substantial fall in Government revenue. John Howard, the Treasurer, indicated that the Government might act if this occurred. The reality, however, has fallen well short of the expectation, although there have been a handful of imitators.

Australia's largest department store group, the Myer Emporium, indicated recently that it was examining the possibility of a Westfield-type scheme, but also that the board would prefer the Government to drop the double taxation of profits. Australia is one of the few countries in the world which does tax profits in this manner, and there has been considerable criticism of the practice in recent years.

The reason why the Westfield approach is not more popular is that assets are transferred from the company to the trust but not liabilities, with a consequent adverse impact on the balance sheet. For companies with a debenture trust deed, and Swan Brewery is one, it could cause problems for borrowing limitations.

In the case of Westfield, the company was forced to sell more than A$70m (US$78m) of its assets to an institution to raise funds to pay out mortgage liabilities. Swan has overcome these problems by linking the trust inseparably to the company. An essential element of the scheme is that the shares and the units are at all times held by the same parties: In fact the shares and units will be encapsuled in the one certificate and traded as one security on the stock exchanges.

There will, however, be a company structure and a property trust. The Swan scheme enables the property and trading activities of the company to be separated, while maximising tax advantages. There is no problem with the debenture trust deed because the beneficial ownership of the shares and units is the same. This enables the assets to be transferred to the trust and to continue to be subject to a first charge in favour of the debenture trustee.

It is proposed to form a new holding company, Swan Brewery Holdings, and a trust, to be known as the Swan Linked Trust. The Swan directors also propose to make a capital return of 20 cents a share. Illustrating the effect that the new structure can have, it is expected that the payout to Swan shareholders will rise from the present dividend of 9.5 cents a share to 13 cents, comprising a dividend of 5 cents and a unit distribution of 8 cents.

> The Swan Brewery plan involves the use of a property trust which will acquire some of the assets of the present company. The attraction of a trust is that it pays no income tax provided all its income is distributed. Under the scheme devised by Swan and its advisers, Hill Samuel Australia, it is expected that the payout to Swan shareholders will rise from the present dividend of 9.5 cents a share to 13 cents

Swan will transfer about A$30m of its hotel assets and A$30m of its brewery land and buildings, but not its main operating brewery plant which will remain in the company. The assets of the trust will be leased at commercial rents with regular rent reviews.

How investors will take to the new securities remains to be seen. There will probably be confusion initially because investors will need to analyse the separate parts (the company and the trust) in determining the value of the whole. But for companies the new structure appears extremely adaptable, and could hold considerable advantages over the normal company set-up.

Existing company activities such as rights issues, scrip issues, company takeovers etc. will still be possible, but there will be more flexibility in their structure. The essential requirement will be that the number of shares and units remains the same at all times, but this can be accomplished in a variety of ways. If, for example, it is desired to raise funds for the trust to acquire assets, but not the company, a cash-raising issue of units could be made accompanied by a scrip issue of shares, and the same would of course apply in reverse. Alternatively a rights issue could be made with differing application amounts for shares and units.

Swan could also make company takeovers either for cash or using securities. An acquired group could either be swallowed into the company or split into the new structure. It might also be possible for a company to use its trust arm to distribute capital profits tax-free. At present, companies must transfer such profits to reserves and make scrip issues.

Overseas investors may also be better off. Australian companies are currently required to deduct 15 per cent withholding tax from dividends and 10 per cent on interest payments. There is, however, no such requirement with income distribution by trusts. In theory, investors should pay tax on such distributions, but it is doubtful how many individual overseas investors actually lodge Australian income tax returns.

The new structure may also appeal to company boards nervous at the possibility of takeover, because the scheme could be used to make an unwanted takeover very difficult to accomplish. It would appear possible for the linked trust to buy shares in its company twin, a practice which is barred to companies under the Companies Act. There must also be doubt as to whether a bidder could enforce the compulsory acquisition provisions of the Companies Act, because there is no provision under the legislation to enforce acquisition of units. In fact trusts are not covered by the takeover provisions of the Companies Act.

The Swan scheme appears to have resolved most of the drawbacks associated with the Westfield-type trust scheme. If the new linked structure catches on, the government stands to lose considerable revenue. It remains to be seen whether it would permit this to happen.

Fresh bid for Kadoorie estate groups

BY PHILIP BOWRING IN HONG KONG

THREE interlinked Hong Kong-quoted Malaysian rubber estate companies have received their third takeover offer in little over a year. It looks as though this time the offer in cash and totalling some HK$400m (just over US$80m) will proceed.

A Hong Kong holding company is offering HK$9.80 a share for Rubber Trust, HK$6 a share for Amalgamated Rubber, and HK$12 for Shanghai Kelantan Estates.

Rubber Trust owns 40 per cent of Amalgamated and 45 per cent of Shanghai Kelantan, and Amalgamated owns 25 per cent of Rubber Trust. Acceptance of the bid is being recommended by directors. Management control and a large shareholding are held by the Hong Kong Kadoorie Group.

The company making the offer is to be set up by Malaysian Chinese businessman Tan Sri Datuk Lee Yan Lian, who is believed to represent a small group of Malaysian investors. The bid compares with an offer from the Malaysian plantation group, Highlands and Lowlands last August of HK$ 7.75 per share for Rubber Trust, HK$ 5.10 for Amalgamated and HK$ 11.90 for Shanghai. That offer was subsequently withdrawn by Highlands.

Since then, rubber prices have risen sharply in response to the oil price, further forcing up prices of plantation land. All told, the Kadoorie Group estates amount to some 30,000 acres, of which some 2,800 acres have non-agricultural development potential. Disagreement over this potential led to Board rejection of the first Highlands bid approach made in November, 1978, with an indicated cash offer of HK$ 4.45 a Rubber Trust share. The latest bid is one from Malaysians to buy back Malaysian assets from foreign ownership. It further emphasises, at the same time, the scale on which money is currently flowing into Hong Kong from South-East Asia. It comes on top of announcements of Hong Kong property acquisitions by South-East Asian Chinese interests totalling more than HK$ 2bn in the past month.

Rubber Trust shares closed last week on the Hong Kong Stock Exchange, ahead of the offer announcement, at HK$8.30, with Amalgamated Rubber Trust at HK$5.10 (buyer), and Shanghai Kelantan at HK$9.50 nominal. Rubber Trust has risen this week to HK$9.30, and Amalgamated to HK$5.60.

* * *

THE HONG KONG Government will not introduce rent controls on industrial and commercial property, a senior government official indicated today. The Government, which recently announced legislation to extend controls in the booming domestic rental sector, had been under some pressure to extend them to the whole of the property sector.

However the official indicated that the Government was seriously persuing the idea of outlawing some forms of property speculation. Most likely is a ban on pre-sales of flats. Singapore announced similar controls last week, which has heightened the pressure on the Hong Kong Government to do the same.

Cold Storage offers Orchard Road stake

BY H. F. LEE IN SINGAPORE

COLD STORAGE Holdings, the major food and beverage group, has agreed to offer a 30 per cent equity participation in its S$150m (around $70m) property development, known as Cold Storage Centrepoint, to Robinson and Co.

The land for the development of this commercial-cum-residential property is owned by two wholly-owned subsidiaries of the Cold Storage group—Cold Storage Enterprises (CSE) and Cold Storage Property Investments (CSPI).

Robinson, which is one of Singapore's major retailers, will subscribe for 30 per cent of CSE's issued capital of S$21m and of CSPI's issued capital of S$49m. The remaining 70 per cent of the issued capitals of the companies will be held by the Cold Storage group.

As a result of the agreement, Cold Storage will receive about S$21m of capital subscription from Robinson.

Cold Storage disclosed that it had already obtained financing for the construction of the complex. The group's parent company will provide a guarantee to bankers for 70 per cent of the estimated maximum requirement of S$36m.

Robinson has been given the right to sell 5 per cent of the issued capital of CSE and CSPI to Great Eastern Life Assurance. It has agreed to lease 94,000 sq ft of the new premises for a seven year period from the date of completion of the building.

CURRENCIES, MONEY AND GOLD

Late rise by $

THE DOLLAR rose quite sharply in late trading, after remaining steady against the stronger currencies for most of the day despite the strength of gold and sterling. Central banks, including the German Bundesbank, may have prevented the U.S. currency losing ground in the morning, although this was not evident within the foreign exchange market. Rumours about the possible release of the hostages in Iran gained little credence in the market but may have been a factor behind the sudden rise of the dollar in late trading. It finished near the best level of the day at DM 1.7275 against Deutsche Mark, compared with DM 1.7185 on Monday; at SwFr 1.5935 against the Swiss franc, compared with SwFr 1.5820; and at Y239.50 against the Japanese yen, compared with Y236.20. According to the Bank of England, the dollar's trade-weighted index rose to 84.9 from 84.4.

Sterling's index on Bank of England figures rose to 72.0 from 71.4, the highest level since late August, after standing at 71.9 at noon and in the morning. The pound opened at $2.2825-$2.2835, and remained firm, influenced by the recent demand for Government stock and very high interest rates in the London money market. It touched a high point of $2.2960-$2.2975, but fell sharply as demand for the dollar increased in the late afternoon. Sterling declined to $2.2725-2.2735, and closed at $2.2770-2.2780, a rise of 15 points on the day.

D-MARK—Very strong, and showing a tendency to rise within the European Monetary System—The D-mark showed mixed changes against its EMS pareners at the Frankfurt fixing, improving against the French franc, Belgian franc, Danish krone, and Irish punt, but weakening slightly in terms of the Dutch guilder and Italian lira. Outside the EMS the Swiss franc eased to DM1.0856 from DM1.0868, but the dollar was firmer without any intervention by the Bundesbank at the fixing, rising to DM1.7190 from DM1.7178. The attraction of UK Government stock and the rising value of North Sea oil continued to support sterling, which rose to DM3.9360 from DM3.8890.

FRENCH FRANC—Strongest member of the EMS since late December—The franc lost ground in terms of most of its EMS partners, the dollar and sterling at the Paris fixing. The pound was very firm, in line with its appreciation against other major currencies, rising to FFr9.2355 from FFr9.1220, but the Swiss franc was rather weaker. Among EMS members the D-mark, Belgian franc, Danish krone, and Italian lira improved, but the Irish punt was weaker.

DANISH KRONE—Basically weak, suffering two devaluations since the EMS began last March—The krone fell against all major currencies except the Swiss franc at the Copenhagen fixing. All members of the EMS improved against the Danish currency, while sterling was very firm at DKr12.2929, compared with DKr12.1520 on Monday. The dollar was fixed at DKr5.3735, compared with DKr5.3685, and the Japanese yen was also firmer.

DUTCH GUILDER—Firmer in recent weeks, near top of EMS—The guilder improved against most EMS currencies but declined against the dollar and sterling.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.7897	40.4668	+1.70	+1.41	±1.53
Danish Krone ...	7.72336	7.78220	+0.76	+0.47	±1.64
German D-Mark	2.48208	2.49071	+0.35	+0.06	±1.125
French Franc ...	5.84700	5.84136	−0.10	−0.39	±1.3557
Dutch Guilder ...	2.74362	2.74978	+0.22	−0.07	±1.512
Irish Punt	0.668201	0.674862	+1.00	+0.71	±1.668
Italian Lira	1157.79	1163.85	+0.52	+0.52	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Jan. 15	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2725-2.2975	2.2770-2.2780	0.62-0.52c pm	3.00	1.32-1.22 pm	2.23
Canada	2.6505-2.6790	2.6540-2.6550	0.85-0.75c pm	3.62	1.80-1.70 pm	2.64
Nethlnd.	4.32½-4.37½	4.33¾-4.34¾	2¼-1¼c pm	4.83	5¼-4¼ pm	3.68
Belgium	63.70-64.30	63.85-63.95	20-10c pm	2.82	40-30 pm	2.19
Denmark	12.26-12.34	12.26-12.27	3-1ore pm	1.96	1-3 dis	−0.65
Ireland	1.0615-1.0685	1.0650-1.0660	0.07-0.17p dis	−1.35	0.20-0.30dis	−0.94
W. Ger.	3.91½-3.96½	3.93¾-3.94¾	3¼-2¼pf pm	9.52	8¼-7¼ pm	8.00
Portugal	113.00-114.00	113.40-113.60	5-55c dis	−3.17	48-140 dis	−3.17
Spain	150.40-151.70	150.45-150.55	par-50c dis	−1.99	35-125 dis	−2.26
Italy	1,831-1,844	1,831½-1,832½	6-8 lire dis	−4.58	18¾-20¾dis	−4.31
Norway	11.17½-11.26½	11.18-11.19	7¼-5¼ore pm	6.70	15¾-13¾ pm	5.10
France	9.19½-9.26½	9.21¼-9.22¼	4-3c pm	4.68	6¼-5¼ pm	2.71
Sweden	9.42-9.50	9.42¼-9.43¼	5-3ore pm	5.09	8¼-7¼ pm	3.50
Japan	537-550	545-546	4.90-4.45y pm	10.28	11.40-10.85pm	8.19
Austria	28.12-28.42	28.23-28.28	25-15gro pm	8.49	58-48 pm	7.50
Switz.	3.60½-3.65½	3.62¾-3.63¾	4¼-3¼c pm	12.80	10¼-9¼ pm	10.74

Belgian rate is for convertible francs. Financial franc 65.75-65.85. Six-month forward dollar 1.90-1.80c pm. 12-month 3.50-3.40c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 15	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2725-2.2975	2.2770-2.2780	0.62-0.52c pm	3.00	1.32-1.22 pm	2.23
Ireland†	2.1455-2.1490	2.1470-2.1480	0.80-0.70c pm	4.20	1.70-1.60 pm	3.08
Canada	1.1646-1.1666	1.1663-1.1666	0.08-0.03c pm	0.46	0.13-0.10 pm	0.39
Nethlnd.	1.8970-1.9070	1.9050-1.9070	0.46-0.41c pm	2.74	1.32-1.25 pm	2.70
Belgium	27.91-28.07	28.04-28.06	1c pm-par	0.21	1 pm-1 dis	—
Denmark	5.3680-5.3940	5.3925-5.3940	0.10-0.60ore dis	−0.78	3.60-4.10dis	−2.85
W. Ger.	1.7180-1.7300	1.7270-1.7280	1.00-0.90pf pm	6.60	2.56-2.46 pm	5.81
Portugal	49.80-50.00	49.90-50.00	15-25c dis	−4.80	45-75 dis	−4.80
Spain	66.03-66.08	66.03-66.05	20-30c dis	−4.54	60-80 dis	−4.24
Italy	803.20-804.70	804.20-804.70	4¼-5¼ lire dis	−7.83	13-14½ dis	−6.84
Norway	4.9010-4.9045	4.9035-4.9045	1.60-1.10ore pm	3.30	3.75-3.25 pm	2.85
France	4.0288-4.0485	4.0445-4.0485	0.70-0.60c pm	1.93	1.00-0.90 pm	0.94
Sweden	4.1333-4.1365	4.1355-4.1365	0.75-0.55ore pm	1.88	1.60-1.40 pm	1.45
Japan	236.10-240.00	239.45-239.55	1.60-1.42y pm	7.57	3.70-3.55 pm	6.05
Austria	12.34-12.41¼	12.40¼-12.41¼	5¼-4¼gro pm	4.83	17-14 pm	5.00
Switz.	1.5805-1.5955	1.5930-1.5940	0.83-0.73c pm	5.87	1.00-0.90 pm	2.26

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Jan. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.564391	0.638845
U.S. $	12	1.32277	1.44762
Canadian $ ...	14	1.54261	1.68518
Austria Sch...	3¾	16.3164	17.8492
Belgian F......	10½	36.9185	40.3923
Danish K........	11	7.09666	7.76577
D Mark	6	2.27225	2.48572
Guilder.........	9½	2.50929	2.74541
French Fr......	9½	5.32613	5.82855
Lira	16	1058.52	1152.80
Yen	6¼	312.967	342.145
Norwgn. Kr..	9	6.48819	7.10348
Spanish Pts.	8	87.3266	95.6154
Swedish Kr...	9	5.47164	5.99098
Swiss Fr.......	2	2.09064	2.28724

CURRENCY MOVEMENTS

Jan. 15	Bank of England Index	Morgan Guaranty changes %
Sterling	72.0	−34.3
U.S. dollar	84.9	−8.2
Canadian dollar ...	81.0	−16.9
Austrian schilling..	157.9	+24.8
Belgian franc	115.4	+9.8
Danish kroner	109.0	−2.6
Deutsche mark ...	158.3	+47.0
Swiss franc	205.4	+82.4
Guilder	126.2	+27.2
French franc	102.4	−5.0
Lira	55.1	−49.6
Yen	117.6	+16.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 15	£	$		£ Note Rates
Argentina Peso....	3725-3745	1635-1645	Austria.........	28.00-28.25
Australia Dollar...	2.0525-2.0565	0.9010-0.9020	Belgium	65.50-66.00
Brazil Cruzeiro....	99.85-100.05	43.85-43.90	Denmark.........	12.25-12.35
Finland Markka...	8.38½-8.40	3.6845-3.6865	France.........	9.19-9.26
Greek Drachma...	86.127-88.177	37.95-38.10	Germany.........	3.92-3.96½
Hong Kong Dollar	11.16-11.18¼	4.9060-4.9080	Italy	1845-1975
Iran Rial.........	n/a	n/a	Japan	541-545
Kuwait Dinar (KD)	0.615-0.625	0.2713-0.2714	Netherlands	4.33-4.36½
Luxembourg Frc.	63.85-63.95	28.04-28.06	Norway.........	11.20-11.27
Malaysia Dollar...	4.9630-4.9745	2.1780-2.1790	Portugal	112-225
New Zealand Dlr.	2.3030-2.3090	1.0110-1.0125	Spain	150½-158¼
Saudi Arab. Riyal.	7.63-7.73	3.3505-3.3615	Sweden	9.47-9.55
Singapore Dollar.	4.9060-4.9175	2.1545-2.1555	Switzerland......	3.61½-3.65½
Sth. African Rand	1.8670-1.8685	0.8200-0.8205	United States ...	2.284-2.292
U. A. E. Dirham	8.50-8.60	3.7425-3.7432	Yugoslavia.........	49-51

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.278	3.938	545.5	9.218	3.633	4.343	1832.	2.655	63.90
U.S. Dollar	0.439	1.	1.729	239.5	4.047	1.595	1.907	804.4	1.156	28.05
Deutschemark	0.254	0.578	1.	138.5	2.341	0.923	1.103	465.3	0.674	16.23
Japanese Yen 1,000	1.833	4.175	7.218	1000.	16.90	6.659	7.961	3358.	4.866	117.1
French Franc 10	1.085	2.471	4.272	591.8	10.	3.941	4.711	1988.	2.880	69.32
Swiss Franc	0.275	0.627	1.084	150.2	2.538	1.	1.195	504.3	0.731	17.59
Dutch Guilder	0.230	0.524	0.907	125.6	2.123	0.836	1.	421.9	0.611	14.72
Italian Lira 1,000	0.546	1.243	2.149	297.8	5.031	1.983	2.370	1000.	1.449	34.88
Canadian Dollar	0.377	0.858	1.483	205.5	3.472	1.368	1.635	690.1	1.	24.07
Belgian Franc 100	1.565	3.564	6.162	853.7	14.42	5.685	6.795	2867.	4.154	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 14.00-14.10 per cent; three months 14.00-14.10 per cent; six months 13.95-14.05 per cent; one year 12.85-12.95 per cent.

Jan. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term.........	N/A	13¾-14	12½-13½	11⅛-11⅜	¾-⅞	7 13/16-8 1/16	11⅞-12⅛	15⅛-19⅛	—	3⅛-3⅝
7 days' notice.	16 15/16-17 5/16	13⅞-14⅛	12⅛-13⅛	11¾-12	1¾-2	8-8⅛	11⅞-12⅛	21-24	14-14⅛	5⅝-6 1/16
Month	16⅝-17	14-14¼	13 9/16-13 15/16	11¾-12	4 3/16-4 5/16	8 1/16-8 3/16	12⅛-12⅝	20¾-22¾	14⅛-14¼	7-7⅜
three months.....	15⅜-16⅜	14⅛-14⅝	13 15/16-14 5/16	11⅛-11⅜	5⅛-5¼	8¼-8⅜	13⅛-13⅜	20-22	14¼-14⅜	7 15/16-8 5/16
six months.........	15⅞-16¼	14⅛-14⅝	13 5/16-13 11/16	11⅜-11⅝	5 1/16-5 3/16	8 7/16-8 9/16	13⅜-13⅝	19½-20¼	14⅛-14¼	8⅛-8¼
one year.........	14⅞-15¼	13-13¼	12½-12⅞	11-11¼	5⅜-5⅝	8 3/16-8 5/16	13⅜-13⅝	19-20	13 1/16-13 7/16	7 13/16-8 3/16

Long-term Eurodollar two years 12-12¼ per cent; three years 11⅞-12⅛ per cent; four years 11¾-12 per cent; five years 11⅝-11⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

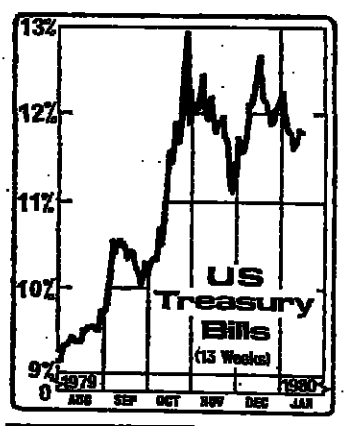
European rates steady

Interest rates in Europe showed little overall change yesterday, although conditions in some centres prompted a slightly easier tendency. Monday's move by the French authorities to buy around FFr 6bn of first category paper from the market, helped call money ease to 12½ per cent from 12¾ per cent. Period rates also fell by up to a ¼ point in places.

In Frankfurt call money eased very slightly but longer term rates were unchanged.

An easing on money market rates in Amsterdam yesterday encouraged Amsterdam-Rotterdam Bank to lower by 1 per cent its surcharge on commercial lending rates to 1 per cent. Other banks are now expected to follow suit. The easing of rates was highlighted further by the authorities decision to offer a new special advances facility for the period January 17 to January 23, at 11½ per cent. This replaces the previous Fl 1.63bn loan which carried a rate of 12 per cent. In the money market call money rose to 11½-12 per cent from 10¾-11 per cent, but period rates were generally easier.

In New York Treasury bill yields opened lower against average rates at Monday's auction. 13-week bills eased to 11.78 per cent from 11.904 per cent at the auction, and 26-week bills were easier at 11.70 per cent, against 11.783 per cent. The increase in demand was mainly a result of short covering by dealers, which reflected increased retail demand. Federal funds were quoted at 13⅝ per cent.



MONEY RATES

NEW YORK

Prime Rate	15-15¼
Fed. Funds	13.625
Treasury Bills (13-week)	11.78
Treasury Bills (26-week)	11.70

GERMANY

Discount Rate	6
Overnight Rate	8.60
One month	8.675
Three months	8.85
Six months	8.70

FRANCE

Discount Rate	9.5
Overnight Rate	12.125
One month	12.1875
Three months	12.3125
Six months	12.3125

JAPAN

Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	—

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate, 17 per cent (since November 15, 1979)

Extremely large assistance was given by the authorities yesterday to relieve the shortage of day to day credit in the London discount market. The help was made up of small Treasury bill and local authority bill purchases from banks and discount houses, of which some of both are for resale at a fixed future date. They also lent a very large amount to 10 or 11 houses at MLR, for repayment today. The market was faced with a large excess of revenue transfers to the Exchequer over Government disbursements and the repayment of Friday's moderate market advances. In addition banks brought forward balances a small way below target and there was a small net take up of Treasury bills to finance. There was also a small increase in the note circulation. There were no appreciable factors in the market's favour.

Some discount houses took money at 16½ per cent but a majority of the day's needs came from the Bank of England at 17 per cent. In the interbank market overnight money opened at 21-23 per cent and traded up to 25 per cent until early afternoon, when rates briefly touched 70 per cent. During the afternoon money see-sawed between 25-30 per cent and 40-45 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan 15 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight.........	—	10-70	—	—	—	17¾	16½-17	—	—	—
2 days notice...	—	—	17⅝-17⅞	—	—	—	—	—	—	—
7 days or 7 days notice...	—	17¼-17½	17⅝-18	—	17⅝	17¾	16½-17	—	—	—
One month......	17¼-16 15/16	17¼-17⅝	17-17¼	18⅛-17⅞	17¾	17⅝-17¾	16½-16⅝	16 11/16-16⅝	17 5/16-17¼	17½
Two months.....	17-16 15/16	16⅞-17⅛	—	17¼-17	17½	—	16⅜-16½	15¾-16⅝	16 15/16-17	17¾
Three months.	16 13/16-16 11/16	16⅝-16⅞	16 11/16-17⅛	17-16⅝	17¼	17⅝-17½	16¼-16⅜	15 11/16-15⅝	16 7/16-16 5/16	17
Six months......	15 13/16-15⅝	15⅞-16 1/16	16-16½	15¾-15⅝	16½	—	—	—	15½-15¼	15⅞
Nine months....	14 13/16-14 11/16	15¾-16⅛	—	15⅝-15¼	15¾	—	—	—	—	—
One year.........	14⅝-14½	14¾-15⅛	15-15⅛	15-14⅝	15½	—	—	—	—	—
Two years	—	—	15⅛-15⅛	—	—	—	—	—	—	—

Local authorities and financial houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15¼-15½ per cent; four years 15-15¼ per cent; five years 15-15¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month banks bills 16-16 3/16 per cent; four-month trade bills 16½ per cent.

Approximate selling rates for one-month Treasury bills 15 25/32-15 23/32 per cent; two-month 15 23/32-15¾ per cent; three-month 15¾ per cent. Approximate rates for one-month bank bills 17 5/16-17¼ per cent; two-month 16 13/16-16⅞ per cent; three-month 16 5/16-16 13/32 per cent; one-month trade bills 17¾ per cent; two-month 17 per cent and three-month 16½ per cent.

Finance Houses Base Rates (published for the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.2406 per cent.

GOLD

Sharp rise

Gold rose to another record in the London bullion market yesterday, touching a peak of $690-695, and closing at $685-690, a rise of $31 on the day. Reports that the Soviet Union was a buyer of gold, coupled with growing fears of a major confrontation between the U.S. and Russia in the Middle East added to the very nervous state of the market. The metal was fixed at $682 in the morning and $684 in the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 87,200 per kilo ($672.87 per ounce), compared with FFr 87,000 ($672.08) in the morning, and FFr 84,300 ($651.18) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 37,540 per kilo ($682 per ounce), compared with DM 36,005 ($651.98) previously.

	January 15		January 14	
Gold Bullion (fine ounce)				
Close	$685-690	(£301-303)	$654-659	(£287½-289¾)
Opening	$662-667	(£290-292)	$640-645	(£283-285½)
Morning fixing	$682	(£297.882)	$647.75	(£285.982)
Afternoon fixing	$684	(£299.213)	$660	(£296.850)
Gold Coins				
Krugerrand	$704-709	(£306-311)	$677-683	(£297½-300½)
Mapleleaf	$700-710	(£307-312)	$675-682	(£296-300)
New Sovereigns	$177½-179½	(£77-79)	$170-172	(£74½-75)
King Sovs	$195-198	(£85-87)	$183-185	(£80-82)
Victoria Sovs	$195-198	(£85-87)	$183-185	(£80-82)
Fr 20 Napoleon	FFr745-759	(SFFr265-275)	FFr620-650	(SFr245-255)
50 pesos Mexico	$855-865		$818-828	
100 Cor. Austria	$660-670		$641-649	
$20 Eagles	$740-750		$721-726	
$10 Eagles	—		—	
$5 Eagles	—		—	

WORLD STOCK MARKETS

Early Wall St. reaction of 2.6

BRINGING TO a halt its recent *good rise, Wall Street showed* a slight bias to lower level at mid-session yesterday, although early trading remained heavy.

The Dow Jones Industrial Average, after advancing about *35 points over the past six* business days, eased 2.65 to 860.92 at 1pm yesterday. The NYSE All Common Index lost 11 cents to $63.47, while declines outscored gains by a seven-to-six margin. Turnover amounted to 34.58m shares, compared with Monday's 35.36m.

Precious Metal issues weakened after the recent upsurge, but Natural Resources stocks continued *to rise*.

Analysts said the highly speculative trade in Metals shares was causing institutional investors to become wary and move to the sidelines. They also noted that after the recent gains, the market was due for some consolidation.

The Precious Metals stocks came under some selling pressure after gold rose to a record $700 an ounce in New York and then fell back to about $688. Silver hit a New York record high of $44.80 and then reacted to $43.60.

In the Gold and Silver group, ASA shed ½ to $49½, Dome Mines ¾ to $58⅝, Homestake ⅛ to $59¾, *Hecla Mining ⅜ to $47⅝ and Sunshine Mining* ¾ to $38. Active Benguet Consolidated lost $4 to $15 on bearish Press comment.

Among other Metals issues, Asarco declined ¾ to $49⅞ and Kennecott Copper ½ to $40½, but Newmont Mining gained 1⅞ to $46⅞ and Alcan Aluminium 1¼ to $57¼.

Volme leader Texaco put on ⅛ to $30⅞, Exxon ¼ to $53¼, Mobil ⅜ to $52⅜, Union Oil of California ⅜ to $46½ and Indiana Standard 1⅜ to $78⅜. Active IBM reported lower fourth-quarter net profits but added ⅜ at $67¼.

Paper and Forest Products stocks rose. Active International Paper gained 1⅝ to $40⅞, Georgia Pacific ⅝ to $28⅝, Louisiana Pacific ½ to $23⅞ and Weyerhaeuser ¼ to $33¼.

Closing prices for North America were not available for this edition.

THE AMERCAN SE Market *Value Index managed a fresh* gain of 0.40 at 259.09 at 1 p.m. on large volume of 8.27m shares (7.50m).

Mining stocks were mostly lower, but volume leader Marinduque "B" *were unchanged at* $3⅞ on turnover nearing 1m shares. Day Mines lost 1¼ to $38½ and Ranchers Exploration 3½ to $49½.

Learonal rose ⅛ to $27. It is to split its stocks and raise the dividend.

Active Tubos de Acero jumped 1¼ to $9⅞. Mexico reported finding a new large oil field. Tubos makes steel pipe for oil drilling.

Canada

Most sectors rose afresh in busy dealings yesterday mornig. The Toronto Composite Index was 16.4 higher at 1,938.6 at mid-day while the Oil and Gas index put on 24.0 to 3,828.0 and Metals and Minerals 38.9 to 2,091.4, but Golds declined 8.1 to 3,054.6. In Montreal, Banks gained 2.49 to 313.23, Utilities 2.66 to 258.48 and Papers 2.91 to 179.47.

Germany

After Monday's downtrend, narrow mixed movements were mainly recorded yesterday.

Although some observers interpreted the generally maintained market as a sign of resilience after Monday's poor performance, trading remained *thin and it was difficult* to isolate any clear-cut trends.

Gold, considered one barometer of investor caution in the stock market, soared to new records yesterday, taking with it the stock price of Degussa, the West German metals producer, which advanced DM 5.50 to DM 243.50.

Certain defence-related shares seemed to benefit from the political instability in the Middle East, with Rheinmetall gaining DM 5 and Krauss-Maffei DM 15.

Among Electricals, Brown Boveri were notable for a rise of DM 2.20. AEG, however, slipped DM 1.90 to DM 36.10 as its Extraordinary Shareholders *Meeting proceeded in Berlin*, with advisory board chairman Bernhard Timms promising a *new board chief in the near* future and outgoing board chairman Walter Cipa predicting a 5 per cent order increase in 1980.

Public Authority Bonds were also narrowly mixed. The *Bundesbank sold a nominal* DM 3m of stock in open-market operations after sales of DM 8.1m the previous day. Mark-denominated Foreign Loans were steady.

Tokyo

The market was closed yesterday for a national holiday.

Singapore

Stock prices rose broadly in active trading, lifting the Straits Times Industrial index 6.18 to 447.70, another post-1973 high.

One broker said the feature of the market was its breadth of rise without any sign of caution. There was a good deal of two-way business, he added, with profit-taking being met by strong buying from both overseas and local investors.

Another broker anticipated "a bit of a pause" at the 450 index level, probably around the end of January or early February. He said we could see a quiet spell around the Chinese New Year in mid-February. However, he was optimistic for the future, stating that the market could resume its uptrend as good corporate results are released in March.

Fraser and Neave rose 20 cents to S$6.20 and Cold Storage 18 cents to S$2.88.

Paris

Bourse prices closed on an irregular note after moderate trading yesterday following the previous day's setback.

Brokers said investors were reassured by the firmness on Wall Street overnight and the decline in the Call Money rate to 12⅛ per cent from 12¼. They added, however, that operators remain hesitant in view of international political tension.

Constructions, Electricals, Metals and to a lesser degree Mechanicals were favoured, notably Bouygues, Thomson-Brandt, Sacilor, Imetal and Dassault. Other issues in demand included *Guyenne et Gascogne*, Elf-Aquitaine and Penarroya.

Motors were weak, with Peugeot Citroen losing FFr 6.40 to FFr 261.50 on news that its subsidiary Automobiles Talbot SA *intends a temporary* reduction in its working week this Spring because of an expected decline in the car market.

Hong Kong

Shares mainly lost further ground in moderate activity, with the Hang Seng index receding 8.65 to 833.86.

Local selling was concentrated in Properties, reflecting market expectations of a Government announcement today on moves to control property speculation following yesterday's Executive Council meeting.

Among Properties, Cheung Kong declined 40 cents to HK$18.60, SHK Properties 40 cents to HK$16.60, Hong Kong Land 30 cents to HK$13.70 and Honkong Wharf HK$2 to HK$75.

Hongkong Bank eased 10 cents to HK$18.60, Hutchison Whampoa 15 cents to HK$8.35 and Jardine Matheson 10 cents to HK$15.20.

However, there were a few bright spots outside the leaders, including Overseas Trust Bank, up 32 cents at HK$4.97, and Stelux, 80 cents stronger at HK$6.65.

Australia

Industrials remained firmer-inclined, but Resources issues, *after staging a fresh advance* on strong overnight buying by overseas dealers, showed some reaction on local profit-taking and ended on a rather mixed note.

The correction was not severe and many of the stocks, hard-hit at mid-morning, were on the mend by the closing bell. In general, Gold Miners weathered the adjustment well and fresh support was present for the Coal Miners, while selected Uraniums moved ahead after taking it quietly through the first session.

The Sydney All Ordinaries index shed 2.63 to 806.26 after Monday's record high, while the Metals and Minerals index relinquished 61.30 to 3,133.77.

NEW YORK

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

JAPAN (continued)

SINGAPORE

HONG KONG

SOUTH AFRICA

JAPAN

Financial Rand US$1.02 (Discount of 16¼%)

BRAZIL

Spain Prices, Page 18

NATIONALISED SHIPBUILDING AND AEROSPACE ASSETS

BY ROBERT COTTRELL

The battle for compensation

THE FRUSTRATION of a dozen British engineering companies still seeking compensation for *nationalised* aerospace and shipbuilding assets is growing perceptibly. The Conservative Government, which they had hoped might prove more sympathetic than its Labour predecessor, has shown itself just as tough a negotiator, and just as determined to abide by the compensation principles established under the 1977 nationalisation legislation.

The measure of their frustration is that the arbitration *tribunal* established under the Aircraft and Shipbuilding (Industries) Act to rule on unresolved claims looks set at least to double its workload this year. Vosper is poised to refer its claim within weeks as are *GEC and Vickers, in respect of* the jointly-owned British Aircraft Corporation.

The companies already in arbitration are: Laird for its Scottish Aviation and Cammell Laird interests; Vickers for its *shipbuilding interests; and an* undisclosed third company.

Nor may arbitration be the end of the matter. Sir Eric Yarrow says that his company is prepared to go beyond arbitration to the European Court to *seek a satisfactory* settlement for Yarrow (Shipbuilders). A similar view is taken by Vosper chairman Sir John Rix.

Fourteen compensation settlements have so far been made. Twelve remain under negotiation, with payments on account made to ease company cashflow problems.

Unsurprisingly, there is a correlation between speed of settlement and the loss-making potential of the assets concerned. It is in respect of profitable companies — particularly those that have become more profitable since the nationalisation procedure began—that the *arguments are fiercest.*

COMPENSATION FOR ASSETS NATIONALISED IN 1977

SETTLEMENTS	(inc. payments on account)
LISTED SECURITIES:	
Robb Caledon Shipbuilders	£1.739m
John G. Kincaid (Pref. shares)	£0.118m
UNLISTED SECURITIES	
Barclay, Curle / Clelands Shipbuilding / Goole Shipbuilding and Repairing / Swan Hunter Shipbuilding / Smith's Dock / Swan Hunter Training and Safety	£15m
John G. Kincaid (Ord. shares)	£3.809m
Hawker Siddeley Aviation / Hawker Siddeley Dynamics	£60m
Austen and Pickersgill	£14m
George Clark and NEM	£1.94m
Hawthorn Leslie (Engineers)	£1.475m

PAYMENTS ON ACCOUNT	
British Aircraft Corp. (Holdings)	£40m
Scottish Aviation	£2.1m
Brooke Marine	£0.65m
Cammell Laird	£0.4m
Hall Russell	£0.65m
Scott Lithgow / Scott Lithgow Dry Docks	£0.75m
Vickers Shipbuilding Group	£8.45m
Vosper Thorneycroft (UK) / Vosper Shiprepairers	£1.34m
Yarrow (Shipbuilders) / Yarrow (Training)	£2.25m

Source: Hansard and Department of Industry

There are two essential problems behind the continuing failure to settle. One is the length of time which has elapsed since the period fixed for asset evaluation. The other is the *reliance placed by the Act on* negotiation to establish the value of unquoted securities of nationalised assets.

The Labour Government, conscious that its return to office in 1974 had influenced the share prices of assets vulnerable to nationalisation, fixed the six months preceding its election as the period during which the average market value of companies would be taken for compensation purposes.

But the rocky ride which the legislation had through both Houses of Parliament, plus subsequent managerial problems in setting up the two corporations, rolled their vesting dates forward to mid-1977. Three years, then, had elapsed between the onset of compensation negotiations and the period to which they related.

When compensation settle*ments are made, they include an* element of retrospective interest. Settlements made now would have accrued some 25 per cent interest since vesting day. But that falls short of the 30 per cent increase in the Retail Price Index over the same period, and the companies have also to forgo the profit potential of re-investment of their capital.

One of the main stumbling blocks to outstanding settle*ments is the desire of dis*possessed parent companies to relate compensation due to profits lost since 1974, while the Department stands adamantly on the 1973-4 evaluation period. In the words of one shipbuilding executive involved in the compensation battle, "It's quite unfair to delay six years, and expect us to abide by a 1974 price. The way the Act was written, nobody planned for 1974 payments in 1980-81."

In respect of unquoted nationalised companies like BAC, a hypothetical market value, had they been quoted, has to be established by negotiation. The instinctive impres*sion that such a formula is a* recipe for disagreement is borne out by events.

The payments on account made to companies still in negotiation have inevitably attracted attention as possible indicators *of final settlements.* There is undoubtedly some logical basis by which the payments are struck. But whether that basis is related to value of the assets, the progress of the negotiations, or the news of the company, is undisclosed.

GEC and Vickers, for example, have received a £40m down payment for BAC. The two companies mooted compensation in the order of £200m at the time of nationalisation. Vosper has received *£1.3m*, whereas it is believed to be seeking up to £25m.

Those companies now moving into arbitration must steel themselves for further delays of some two years before final settlement is reached. The first stage is for the company and the Department of Industry negotiators to prepare "pleadings," outlining their positions. These must be mutually *approved. The case then awaits* the convenience of the three-man independent tribunal, chaired by a QC, to hear it. For the tribunal to arrive at its judgment *may take more than* a year.

Beyond that lies referral to the Appeal Court on a disputed point of law, or perhaps Strasbourg on more fundamental grounds.

*The upshot is that some com*panies will have waited more than eight years for compensation by the time settlement is reached.

Industry Minister Mr. Adam Butler argues that, "What the Ministers of this Government are trying to do is to arrive at a fair compensation figure, preferably through negotiation, as quickly as possible. All along, we have had in mind that we must abide by and not amend the nationalisation legislation."

Mr. Butler's desire for a speedy settlement is no doubt shared by companies like GEC and Vickers, whose nationalised assets have continued to *perform strongly since 1974.*

Benefits

BAC made a profit of £24m in 1974. This would have been reflected in the interest payable on the £200m 12 per cent Treasury stock suggested as compensation by the companies in 1977. But such interest would fall considerably behind the £40m profits earned by BAC *in 1976. To counter this,* indexation of compensation has been suggested by some *Members of Parliament.* This has since been rejected by the Conservative Government.

In some cases, of course, nationalisation has brought benefits. The £14m paid to London and Overseas Freighters for its Austin and Pickersgill subsidiary has played a useful part in financing LOF's current *recovery.* A and P lost £1m for British Shipbuilders in 1978-79. Swan Hunter yielded £14m compensation, against £15.8m losses in 1978-79.

The continuing negotiations have left awkward holes in several balance sheets, and the degree of speculative interest the affair adds to their share prices does nothing to offset the damaging effects of uncertainty on their *investment* programmes. Vickers has been "denied access to the equity markets during a period of high inflation," according to its chairman, Sir Peter Matthews.

Vickers has as yet found no substitute for the profits or cashflow of its nationalised assets. The delay in compensation settlement means that stop-gap borrowings have pushed its annual interest burden up to some £12m, which would be more than wiped out by a prompt settlement.

Vosper *has seen three years* of declining profits, to the point where anticipations of the effects of compensation have become *as important in* assessing the company as its current trading position.

The decision by the Government to sell off part of British Aerospace, and as an eventual possibility British Shipbuilders, has not brought compensation any closer. There is no indication that original parent companies will be given any preferential treatment in re-acquiring assets, either directly or through placing of shares in the corporations as wholes.

Legally, the Government's case is impeccable. It regards compensation and re-sale as entirely separate issues. By taking a determinedly unsympathetic attitude to industry pleas for a more liberal attitude on compensation, it is determined to derive the maximum commercial benefit from legislation which it strenuously opposed in the first place.

APPOINTMENTS

Senior changes at H. Clarkson

Mr. Anthony Howland Jackson has been made chief executive *in addition to the position of* managing director of H. CLARKSON (INSURANCE HOLDINGS). Mr. R. Ian Crawford-Smith becomes chairman, H. Clarkson Overseas—management committee; H. Clarkson (Overseas); H. Clarkson Construction insurance brokers. He retains his position as group director of business development. Mr. Christopher J. F. Doble is appointed managing director H. Clarkson (Overseas Holdings). Mr. Brian M. Waters is made managing director H. Clarkson (U.K.), chairman H. Clarkson (Home). Mr. Christopher L. Burgess becomes managing director H. Clarkson (Home). Mr. J. Christopher Beechey has joined the group on Boards of H. Clarkson Marine (Holdings) and H. Clarkson Drilling Insurance Services.

★

Mr. John Peter Archer, managing director of AMEV Life Assurance and a director of AMEV has joined the Board of GRESHAM LIFE ASSURANCE SOCIETY. The companies are all members of the NV AMEV Group.

★

Mr. John Alvey is to be senior director technology in the new technology executive, telecommunications headquarters. He will have responsibility for the £90m POST OFFICE research and development programme.

★

Mr. E. A. Crosby, who was chairman from incorporation in April 1948 until October 1977 has retired from the Board of CROSBY SPRING INTERIORS. He has been elected to the new office of president, which he will hold for his lifetime. This office is honorary and carries no right to attend or vote at directors' meetings. Sir Ralph Bateman has been appointed a director.

★

Mr. L. J. (Larry) O'Leary has been made deputy managing director of BUSINESS PUBLICATIONS. Mr. A. S. Johnson has been appointed to the Boards of Associated Business Programmes *AGB Conference Services as pub*lishing director. Other appointments include: Mr. A. Salter, special projects director and Mr. D. Bladon, financial controller.

★

Mr. Barry Alger has been *appointed managing director* of DUFAYLITE DEVELOPMENTS, a member of the Hanson Trust Group. He succeeds Mr. Ian Stewart, who leaves the company to take the post of chief executive of Northern Amalgamated Industries, a division within the Hanson Trust.

★

Mr. Clive Hallett, controller of personnel at Rank Film Laboratories at Denham, has been appointed chairman of the ASSOCIATION OF FILM LABORATORY EMPLOYERS, which represents most of the Cinematograph Film Processing Laboratories in the UK.

★

Mr. Edward G. Basham, national sales manager, has been appointed a director of CUMMINS DIESEL SALES AND SERVICE the national distributor for Cummins Engine Company. C.D.S. and S. is a member of the Blackwood Hodge Group.

★

Mr. Ken Grainger has been appointed director of IFT MARKETING RESEARCH, part of the Gordon Simmons Research Group, to co-ordinate international industrial accounts. He retains his position of associate director of GSR and his responsibilities for product development research.

★

Mr. David Barton has joined the OVERTON SHIRLEY AND BARRY PARTNERSHIP. He was formerly with the Bland Payne Group.

★

Mr. J. Sheppard Poor has been made vice-chairman of MORGAN GUARANTY, a Morgan Guaranty Trust subsidiary in the Eurobond business in London.

★

Mrs. Valerie Strachan has been appointed a commissioner of CUSTOMS AND EXCISE.

★

Mr. Peter Haworth, formerly sales director, has been appointed managing director of X-DATA. He is succeeded as sales director by Mr. Tom Blaszkowicz, who has been appointed to the board.

★

Mr. Charles T. Krause has been made director of Eastern European operations for GENERAL MOTORS OVERSEAS CORPORATION. Based in London he will be responsible for the supervision and coordination of General Motors' sales, trade and business development activities with, and within, the USSR, Poland, German Democratic Republic, Czechoslovakia, Hungary, Romania, Bulgaria and Albania. He succeeds Mr. P. Guy Newton, who is retiring.

★

Mr. Peter Norton has become project director for CRODA SYNTHETIC CHEMICALS at Four Ashes plant near Wolverhampton.

CRODA HYDROCARBONS has appointed Mr. David Holmes (chief chemist) and Mr. Francis Hill (chief accountant) to the Board.

Mr. R. R. Cox has been appointed director of the acidulants division of CRODA FOOD INGREDIENTS.

★

ALEX. LAWRIE FACTORS has made the following appointments: Mr. Warwick Hughes to marketing controller; Mr. Ian Knox to marketing controller Scotland; Mr. Neil Livingstone to regional controller London: Mr. David Seagrave to regional manager Midlands and Mr. John MacGill to regional manager, Scottish office.

★

Mr. L. E. Riley has been appointed chief executive and joint managing director of BAMFORDS following the retirement of Mr. John Varley.

★

Captain Ian Butcher, deputy general manager, DUBAI PORT SERVICES, has been appointed general manager in succession to Captain Arthur Jarman who has retired. Captain Gerald H. Marshall has been appointed port *manager.*

★

Mr. Jim M. Hill, chief executive of Glynwed Tubes and Fittings, has been appointed to the main Board of GLYNWED.

CONTRACTS

Army orders £4m radios

RACAL-TACTICOM has received *an order worth £4m* from the Ministry of Defence (Procurement Executive) for automatic antenna tuning units for use with the British Army's Clansman VHF vehicle radios.

★

Diesel generating equipment worth £2m to provide additional base load power for a South American copper mining company is to be supplied by MIRRLEES BLACKSTONE (STOCKPORT), a Hawker Siddeley company. *The order has been placed* by Empresa Minera de Mantos Blancos SA, part of South American Consolidated Enterprises SA.

★

The Newcastle office of HUMPHREYS AND GLASGOW SERVICES has been awarded a contract by the City of Newcastle upon Tyne for the modernisation of over 100 houses. The contract, which is valued at over £1m, is Phase II on the Pendower Estate and is scheduled for *completion* by December.

★

Two local authority contracts for home improvements worth £845,202 have been won by WILLIAM DAVIS AND CO., the Loughborough based construction group. One is from Leicester City Council and involves modernising 75 post World War I council homes at Saffron Lane Estate for a cost of £435,471. The other contract, worth £409,731 has been awarded by the *Hinckley and* Bosworth Borough Council and involves improvements to 72 homes at Ratby, Desford and Dadlington.

★

OTIS ELEVATOR COMPANY has won a £1m lift contract for the installation of 28 lifts in the Cutlers Gardens office development on the site of an old Port of London Authority warehouse complex. The lifts will use Gamma 160S variable speed AC drive with microprocessor logic controllers.

★

Contracts worth £2m have been placed by the National Coal Board for general fasteners for the three-year period January 1, 1980 to December 31, 1982. The business has been awarded to the following firms: MILLER BRIDGES FASTENINGS, GKN DISTRIBUTORS and BARLOW FASTENERS.

★

BARRATT CONSTRUCTION has been awarded a £1.91m contract for the building of 124 single and two storey houses at Peterhead for Banff and Buchan District Council. Work on the contract, which is phase one of the Coplandhill Housing Development, is due for completion by the middle of the year.

★

JOSEPH LORRING has been awarded a contract worth £500,000 for industrial exterior claddings on eight advanced factory units at present under construction at Milton Keynes for the Milton Keynes Development Corporation. Work involves the supply and fitting of fully insulated PVC colour-coated steel sheeting to verticle walls and roof in a 48-week construction programme.

★

Southern Television has placed an order worth over £100,000 with MARCONI COMMUNICATION SYSTEMS, a GEC-Marconi Electronics company, for three studio cameras and one portable from the mark IX family of automatic colour television cameras. They will be used in Southern's outside broadcast van.

★

PLESSEY COMMUNICATIONS AND DATA SYSTEMS has received a £2.5m order from the Post Office for 2,000 key-and-lamp units, 850,000 dials for desk and wall telephones and Trimphones. Deliveries will be completed in 1981.

★

Contracts worth £2m have been awarded by the National Coal Board for general fasteners for the three-year period from January 1, 1980, to December 31, 1982. The business goes to MILLER BRIDGES FASTENINGS of Walsall, GKN Distributors of Coventry, and BARLOW FASTENERS OF WEDNESBURY, West Midlands.

★

H. H. ROBERTSON (UK) has won a £335,000 order for the pro*vision of protected metal* cladding and sheeting to the Castle Peak Power Station in Hong Kong. The contract, for a new coal handling plant being built by the China Light and Power Company, is for Robertson Galbestos.

★

FEEDBACK DATA has received an order for TS314 cartridge tape systems from Philips Telecommunicatie B.V. of Hilversum, Holland, worth nearly £400,000. The systems are for use in telephone exchanges being supplied as part of a massive modernisation programme in Saudi Arabia.

★

A Saudi Arabian contract worth nearly £412,000 has been secured by PRECISION AIR CONTROL for the installation of air conditioning and electrical services for a new office building in Jeddah for Sirajh Zahran and Co., agents for Datsun vehicles.

COMMODITIES and AGRICULTURE

Brazil sales plan hits coffee price

BY RICHARD MOONEY

COFFEE PRICES continued their recent decline yesterday with the March futures position on the London market ending £36 down at £1,547.5 a tonne. March coffee has now fallen £59.5 a tonne since the end of last week.

Dealers said the decline reflected the fundamentally "bearish" market outlook with the rise in world supply expected to outstrip demand this year. They added that confirmation that Brazil aimed to sell 15m bags (60 kilos each) this year suggested that coffee from that country would continue to be available to big buyers at a discount.

The discount selling system was resumed last December in order for Brazil to achieve its coffee export target of 12m bags.

In Rio de Janeiro yesterday Sr. Octavio Rainho, president of the Brazilian Coffee Institute, said Brazil would disclose its 1980 marketing policy "very soon" but he declined to give any details. Traders in Santos said they expected the Institute to adopt a policy which would make Brazilian coffee competitive on the world market.

Sr. Rainho said members of the Bogota Group of Latin American coffee producers agreed at last week's meeting in Panama to increase the group's price support fund by $100m, but he refused to say how big the fund now was, or how much extra money had been pledged by Brazil and Colombia, the world's two biggest producers.

He said the proposal to set up a company to run the fund was being studied by Brazil and Colombia but denied reports that Sr. Carlos Alberto Andrade Pinto had been appointed to head the company. No names were discussed at the meeting, he said.

In the U.S. Hills Bros., General Foods and the Folger Coffee Company have all reduced ground coffee prices by 10 cents a pound.

Speculation boosts sugar

By Our Commodities Staff

THE RALLY in world sugar prices continued yesterday with the London daily raw price gaining £4 to equal last months' peake of £182 a tonne. On the London futures market No. 2 contract raw sugar rose £4.85 to £189.625 a tonne.

Dealers attributed the rise chiefly to speculative buying.

In Havana, meanwhile, the official daily newspaper Granma said sugar production from the 1979/80 cane crop has dropped disturbingly. It said mills were operating at only 76 per cent of capacity on average in the *first 10 days of this year* compared with 83 per cent in the last 10 days of December.

In London, the International Sugar Organisation said Cuban sugar exports in the first 10 months of 1979 totalled 6,330,430 tonnes, little changed from the 6,348,720 tonnes exported in the corresponding 1978 period.

Exports to the USSR in Jan.-Oct. 1979 totalled 3,789,211 tonnes, slightly down on the comparable 1978 figure of 3,918,696 tonnes.

Exports to China, the second main recipient of Cuban sugar, were also down slightly

Cocoa unsettled by crop export news

BY OUR COMMODITIES EDITOR

COCOA TRADERS were puzzled yesterday by news from Brazil that Cacex, the State-controlled export agency, had freed for export 300,000 bags (of 60 kilos) of new crop cocoabeans and a further 300,000 bags of cocoa products.

The announcement comes at a time when the leading cocoa exporting countries, including Brazil, are supposed not to be selling until prices reach an unspecified minimum level. In fact the Cocoa Producers Alliance is to meet in Accra from February 25-29 to discuss the progress of the decision to withhold supplies from the market and consider setting up a support fund.

Meanwhile it now appears that the producers are willing to resume selling if prices exceed £1,510 a tonne, according to an official of the Ghana Cocoa Marketing Board speaking to Reuter.

On the London market the shipment price for Ghana cocoa was £1,524 a tonne, but Brazilian cocoa is somewhat cheaper and still below £1,510. On the futures market the May position was marginally higher yesterday at £1,462, after falling to £1,447.

Cocoa prices have been sustained recently by the decision of Ivory Coast to stockpile the new crop until the market rises to a more "reasonable" level. Other producers, notably Brazil, have declared they will not be selling either. But traders noted that while Brazil had sold a considerable percentage of its main crop before withdrawing from the market, there was a considerable quantity of West African cocoa, including that held by the Ivory Coast, yet to be sold.

Meanwhile on the demand side, the West German Confectionery Association said that grindings by the industry during the last quarter of 1979 rose by 1.7 per cent to 39,506 tonnes—much in line with market expectations. But there was some surprise that Dutch cocoa grindings fell by as much as 21.6 per cent in December compared with a year ago. Nevertheless Dutch grindings for the whole of 1979 rose to 127,460 against 125,910 tonnes in 1978.

PHOSPHATES

Morocco's ambitious expansion plan

BY PETER BRUCE, RECENTLY IN MOROCCO

IN SPITE of gloomy U.S. projections about King Hassan's ability to shore up the Moroccan economy, maintain a costly war against the Algerian-backed Polisario Front in the Western Sahara and stay in power, the Moroccan state phosphate group, Office Cherifen des Phosphates (OCP), is about to unveil an ambitious $4bn programme to boost phosphate production 5 per cent a year for the next five years.

Morocco is the world's biggest phosphate exporter—shipping most of its 19.3m tonne output last year to Western Europe's fertiliser manufacturers—and the new five-year plan involves a major expansion in rock processing. OCP hopes at least a third of its output will be converted into phosphoric acid by 1985.

And as a fillip to the expansion plans, the phosphate industry anticipates ex-country 1980 rock prices—first agreements are expected to be signed before the end of this month—will rise boldly between $10 and $13 a tonne to nearly $50 a tonne for average commercial grades.

Planned increases in production and processing in Morocco over the next five years involve opening five new mines, two *phosphoric acid plants and* expansion at an existing processor, and the construction of an export port at Jorf Lasfar, about 60 miles down the coast from Casablanca.

The Moroccan expansion into phosphoric acid production is partly in response to increased political pressure on manufacturers in Western Europe. Sulphuric acid plants used in the manufacture of phosphoric acid are heavy polluters and applications to increase sulphuric acid capacity in Western Europe meet stiff resistance. Morocco, with no environmentalist lobby to speak of, intends moving swiftly to fill the gaps.

A phosphoric acid operation, eventually with eight streams each producing 500 tonnes per day, is due on stream at Jorf Lasfar in 1983.

Three acid plants, wholly-owned OCP subsidiaries, now operating at the port of Safi—Maroc Chemie One and Two and Maroc Phosphore One—are also to be supplemented. A fourth unit is to come on stream next year.

WORLD PHOSPHATE ROCK PRODUCTION AND EXPORTS IN 1978 ('000 tonnes)

	Production	Exports
U.S.	50,037	13,684
USSR	24,000	4,992
Vietnam	1,600	
Morocco	19,278	17,307
China	4,300	—
Tunisia	3,712	1,667
Togo	2,827	2,849
South Africa	2,699	—
Jordan	2,223	2,133
Banaba	468	3,692
Christmas Is.	1,386	
Nauru	1,999	
Senegal	1,843	1,686
Israel	1,759	1,367
Algeria	1,136	619
Brazil	1,094	—
Others	3,621	1,903
Total	123,982	51,899

Morocco's biggest phosphate rock producer at present is the Khouribga field, south-east of Casablanca, with a capacity in the area now being worked of 18m tonnes a year—15m tonnes in open cast mines. According to the British Sulphur Corporation in London, the Moroccans hope to increase Khouribga production to 24m tonnes by 1985.

A second mine in the Khouribga field, at Sidi Hajjaj, is due to open in 1984. Its export rock will be washed and dried at beneficiation plants due to come on stream at Jorf Lasfar in 1983. Sidi Hajjaj will initially produce 3m tonnes a year, rising to 6m tonnes by the end of 1989.

Morocco's other big field, Youssoufia, has an annual rock capacity of 6m tonnes—3.9m tonnes underground and 2.1m tonnes from open cast mining. The five-year plan, Morocco's first major recovery effort since the phosphate crash of 1976, incorporates a production increase in Youssoufia blackrock (high in organic carbon and treated first by calcination). Office Cherifien des Phosphates hopes to raise blackrock output to 3.5m tonnes from the 400,000 tonnes produced last year. Three new blackrock mines are to be dug at Youssoufia.

Another 2m tonnes a year mine is due on stream this month at Ben Guerir, just north of the Youssoufia field.

While Moroccan expansion in processing and exporting chemicals may look efficient on paper, there are risks involved. Morocco lost two months' acid production last year when strikes, transport difficulties and a hard winter hit supplies of sulphur from Canada and Poland. A heavier dependence on sulphur imports will inevitably open the local industry, and the ultimate success of the plan, to circumstances outside Moroccan control.

The bottom almost dropped out of the phosphate market in 1976 after the Moroccans raised phosphate prices from $14 per tonne in 1973 to $68 per tonne by mid-1975 and ran headlong into the post-1973 oil-induced recession. By the beginning of 1977, prices had dropped some $30 per tonne and as farmers, forced by circumstances to re-examine planting practices, discovered they had been using too much fertiliser anyway, cut back on usage, the Moroccan plan will concentrate on meeting increases in world cultivation.

A general rise of more than $10 per tonne in rock prices will no doubt come as something of a bonus to Morocco, and this time the rise will have been led by the U.S., the world's biggest producer. American producers, who serve chiefly the domestic market, have nearly worked out deposits in north central Florida and face the unhappy prospect of having to move to more difficult terrain in the south.

Estimates of the cost increases likely to result from such a move range up to $40 per tonne.

A price rise of the order now expected has been threatening for some time but there may be some comfort for Western Europe's importers if freight rates fall in the wake of President Carter's embargo on grain shipments to the Soviet Union.

REACTION TO THE U.S. EMBARGO

No promises from the South Americans

BY OUR U.S. STAFF

A MEETING in Washington between representatives of Brazil, Argentina and the U.S. on Monday produced no commitment by the South Americans to support the U.S. partial embargo on grain exports. Neither country would agree to the Agriculture Department request to hold soyabean sales to the USSR to "normal trade levels."

Soyabean exports are of special concern to the Agriculture Department because they are among the 17m tonnes of cereals on the list of products to be embargoed.

Brazilian Treasury Minister Karlos Rischbieter said Saturday that the partial U.S. embargo had produced a situation from which his country could benefit. Brazil is expected to grow 13.5m metric tons of soyabeans this year. In the past it has exported as much as 1m tonnes of soyabeans and soyabean products a year to the USSR.

Argentina, which in the past has made no significant sales to Moscow, is expected to produce about 4.5m tonnes this year.

Both countries have informal commitments to traditional customers which would be broken only with much higher bids from Russia.

Before President Carter's embargo, the U.S. had expected to sell the Russians 1.4m tonnes of soyabeans, 400,000 tonnes of soyabean meal and 79,000 tonnes of soya oil this year.

The Soviet Union is expected to import roughly 24m tonnes of grains from all sources in the current marketing year, a shortfall of 10m from the 34m estimated before the U.S. embargo according to Thomas Saylor, associate administrator of the Foreign Agriculture Service in Washington.

The U.S. wil lhave denied the USSR 14m tonnes, but about 3m tonnes is expected to leak through the embargo through various channels, he said.

The cutback in U.S. grain *shipments could rise to 17m* tonnes if the International Longshoremen's Association boycotts loading of 3m tonnes which would be permitted by the U.S. Government.

In London British grain traders say there is an active demand for export rebate certificates which could provide the means for shipping a large quantity of French wheat to the Soviet Union.

They say the effective resale value of these certificates, which provide the option of exporting to various destinations, including Soviet Baltic and Black Sea ports, has risen sharply.

Business is likely to total at least 50,000 tonnes, they add, with some traders placing the amount as high as around 300,000 tonnes.

Meanwhile fears that Poland might re-direct grain imports to the USSR were discounted yesterday.

Western observers feel it would be impossible for Poland to tranship grain to the USSR to make up for the U.S. grain embargo. Poland is expected to seek an estimated 8.1m tonnes of grain and 250,000 tonnes of soyabeans, meal and oil in 1980, western observers said.

The disastrous grain harvest of 1979 has left Poland with the need to import around 11.5m tonnes to cover domestic needs estimated at about 29m tonnes. But the country's grain import handling capacity is estimated at 8.1m tonnes at the most.

Last year Poland mainly bought grains from the U.S., Canada and the EEC totalling 7.3m tonnes.

Poland also purchased 493,000 tonnes of wheat from the Soviet Union in 1979, of which 80,000 tonnes came from the U.S. But there are no provisions for grain imports from the Soviet Union in this year's Soviet-Polish deal.

N. Zealand maintains lamb exports

NEW ZEALAND will export up to 200,000 tonnes of lamb to Britain this year, about the normal level, inspite of stepping up its exports to Iran, and inspite of pressure from Common Market countries for a reduction in shipments to Europe.

A spokesman for the New Zealand Meat Producers Board said the agreement to supply lamb to Iran for the next four years would not affect shipments to the UK.

New Zealand is under growing pressure from a number of Common Market countries, particularly France, to cut its exports to Europe, which they claim adversely affect inter-Community trade.

New Zealand is stepping up its exports to Iran by 10 per cent following a request for extra supplies in the face of possible sanctions by the United Nations and the U.S.

The U.S. has called on New Zealand to join it in a trade ban, NZ prime minister Robert Muldoon said yesterday.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground in active trading on the London Metal Exchange. Forward metal moved ahead strongly in the morning to touch £1,103 following very heavy buying from one quarter. However, in the afternoon values moved erratically. After a strong opening on Comex that market tended to ease and London dipped to £1,080 owing to profit-taking before rallying to end the late kerb at £1,090. Turnover 24,700 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1065-6	+51	1057-8	+22
3 months	1095-7	+30.5	1088-9	+19.2
Settlem't	1066	+51	—	......
Cathodes				
Cash	1038-40	+42.5	1054-5	+26.5
3 months	1071.5-2	+21	1064-6	+21.5
Settlem't	1040	+45	—	......
U.S. Prod	—	......	*110-12	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,066, three months £1,096, 97, 98, 99, 1,100, 1,099, 98, 99, 1,100, 1,099, 98, 94, 5, 97, 99, 1,100, 02, 01, 02, 1,100, 1,099, 98, 97, 96. Cathodes: *Three months* £1,069, 70, 71.5. Kerbs: Wirebars, three months £1,097, 96, 95, 92, 90, 91, 90, 89, 90, 91, 90, 91, 92. Afternoon: Wirebars, three months £1,080, 79, 80, 82, 83, 85, 86, 85, 84, 83, 82, 86, 84, 86, 87, 88, 89, 88. Cathodes, three months £1,066, 67. Kerbs: Wirebars, three months £1,090, 93, 92, 91, 92, 91, 90, 98, 89, 90, 91.

TIN—Higher with the feature of the day's trading being the acute shortage of cash material which saw the backwardation widen to £650 at one point. The tight nearby supply situation sustained the market for forward metal which moved up from £7,225 to close the late kerb at £7,315 with cash metal rising to £7,820 in the morning and £8,000 in the afternoon. Turnover 1,745 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7820-50	+400	7870-800	+425
3 months	7285-300	+52.5	7320-40	+80
Settlem't	7850	+400	—	......
Standard				
Cash	7820-50	+400	7870-8000	+425
3 months	7275-80	+52.5	7310-5	+77.5
Settlem't	7850	+400	—	......
Straits E.	†$2112	+5	......	......
NewYork	—	......	......	......

Morning: Standard, cash £7,730, 7,820, three months £7,270, 80, 75. Kerbs: Standard, three months £7,270, 50, 40. Afternoon: Standard, cash £7,820, 50, three months £7,270, 90, 7,300, 20, 10. Kerbs: Standard, three months £7,320, 15.

LEAD—Firmer with the market buoyed by the rise in copper. Forward metal opened around the £447 level and moved up to £452 in the morning rings before easing to £442 on the kerb. However, in the afternoon fresh buying developed and this pushed the price ahead to £453.5 on the late kerb. Turnover 9,700 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
	£	£	£	£
Cash	453-4	+14	450-2	+11.5
3 months	451-2	+14	449-50	+12
S'ment	454	+14	—	......
U.S. Spot	—	......	*50	......

Morning: Cash £452, 54, 55, 54, three months £449, 50, 50, 5, 51, 51.5, 50, 52, 51, 52. Kerb: Three months £451, 48, 47, 46, 45. Afternoon: Three months £446, 46.5, 46, 47, 49, 48.5, 49, 50. Kerb: Three months £452, 49, 50, 52, 53, 54.

ZINC—Moved narrowly in quiet trading. Forward metal traded around £347 on the pre-market but eased back during the day to close the late kerb at £341, reflecting lack of interest. Turnover 4,325 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	329-30	—1	328-9	—2
3 months	344-5	......	343-4	—1
S'ment	330	—1	—	......
Prim w'st	—	......	*37.5	......

Morning: Three months, £345, 44, 45, 44.5. Afternoon: Three months £344. Kerb: *Three months* £341.

ALUMINIUM—Higher. The rise in copper and good general demand saw forward metal move up gradually from £902 on the early pre-market to close the late kerb at £909. Turnover 6,050 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	923.5-4.5	+17.5	920-5	+2.5
3 months	903-.5	+7.75	903-4	+6

Morning: Cash £924.5, three months £905, 6, 5, 4, 5, 3, 4, 3.5. Kerb: Three months £903. Afternoon: Cash £920, three months £904, 05, 04. Kerb: Three months £905, 07, 08, 09, 10.

NICKEL—Moved up in line with other metals. Forward metal opened at £2,880 and advanced to £2,945 before easing on profit-taking to close the late kerb at £2,920. Turnover: 830 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2830-40	+62.5	2825-40	+27.5
3 months	2915-20	+54.5	2910-20	+38

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Cash £2,850, 30, three months £2,910, 30, 35, 40, 45, 35, 30. Kerb: Three months £2,920. Afternoon: Cash £2,830, three months £2,920, 25, 20, 15, 20. Kerb: Three months £2,910, 20.

SILVER

Silver was fixed at a record 1,919.7p an ounce for spot delivery in the London bullion market yesterday, a rise of 163.6p from the previous fixing. U.S. cent equivalents of the fixing levels were: Spot 4,400c, up 425c; three-month 4,456.3c, up 446.8c; six-month 4,526c, up 466.4c; and 12-month 4,599c, up 419.7c. The metal opened at 1,840-1,870p (4,200-4,500c) and closed at 1,920-1,930p (4,375-4,525c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1919.70p	+163	1942.5p	+127
3 months	1954.70p	+172	1977.5p	+125
6 months	1989.70p	+178	—	......
12months	2037.70p	+158	—	......

LME—Turnover 172 (213) lots of 10,000 ozs. Morning: Cash 1,918, three months 1,930, 40, 45, 50, 48, 46, 45. Kerbs: Untraded. Afternoon: three months 1,940, 50, 45, 50, 60, 70, 80, 75, 80, 70, 80, 75, 79. Kerbs: Three months 1,980, 79, 80, 60.

COCOA

In a day of little incident futures traded within a narrow range closing at the highs some £5 above Monday evening. Physicals, although neglected by the producers attracted interest from consumers who were again showing good interest for forward positions but were content to ignore those nearby, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1468-69	+5.0	1471-53
May	1461-63	+4.0	1462-47
July	1468-70	+5.0	1470-58
Sep	1480-85	—1.0	1489-77
Dec	1510-13	—1.0	1502
March	1520-40	—2.5	—
May	1535-65	—5.0	—

Sales: 918 (2,584) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Jan. 14 144.49 (143.98); indicator price Jan. 15. 15-day average 143.80 (143.99); 22-day average 144.35 (144.18).

COFFEE

Robustas opened £20-£25 lower following a limit down situation in New York *futures and further strength in* sterling, reported Drexel Burnham Lambert. The market failed to recover any losses during the afternoon but held in a narrow range for most of the session in mixed dealings until the close when prices weakened under commission house selling to finish around the lows of the day.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1512-15	—45.5	1552-15
March	1547-48	—36.0	1564-46
May	1558-60	—37.0	1575-57
July	1575-78	—38.5	1590-73
Sept	1585-86	—27.0	1595-80
Nov	1570-78	—33.5	1585-75
January	1560-84	—30.5	—

Sales: 3,926 (2,850) lots of 5 tonnes.

ICS indicator prices for Jan. 14 (cents per pound). Other Mild Arabicas 177.33 (178.67). Robustas ICA 1976 165.50 (166.00). ICA 1968 165.75 (166.25). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 186.72 (187.36).

GRAINS

The market opened 30p higher on old crops, and remained steady with values increasing in good trading conditions to close firm, 70-80 up on wheat and 65-75p up on barley. New crops also stayed firm, Acli reported.

Mnth	WHEAT Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Jan	96.00	+0.75	92.70	+0.75
Mar	99.35	+0.80	95.90	+0.65
May	103.70	+0.70	100.05	+0.65
Sept	97.40	+0.30	94.25	+0.35
Nov	101.00	+0.35	97.90	+0.30

Business done—Wheat: Jan. 96.10-95.80, March 99.35-98.80, May 103.75-103.25, Sept. 97.40-97.25, Nov. 101.00-100.80. Sales: 328 lots of 100 tonnes. Barley: Jan. 92.65-92.25, March 95.95-95.50, May 100.05-99.65, Sept. 94.30-94.05, Nov. 97.90-97.70. Sales: 317 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Jan. 96.50, Feb. 98.50, March 99.75. Transhipment East Coast. U.S. Hard Winter 13½ per cent. Feb. 94.50, March 95.50. Transhipment East Coast. Maize: French. Jan. 115.00, Feb. 118.50. Quoted East Coast. Barley: English feed fob. Jan. 97, Jan./March 98.50, April/June 104.95. East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 92.20, S. West 93.90, W. Midlands 92.90, N. West 92.90. Other milling wheat: W. Midlands 96.50. The UK Monetary Coefficient for the week beginning Monday, January 21 (based on HGCA calculations using five days exchange rates) is expected to decrease to 1,066.

RUBBER

The London physical market opened unchanged, with good interest throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 320 (322.5) cents a kg (buyer, February).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Feb.	72.10-72.80	72.80-73.80	72.60-71.00
Mar	75.50-75.75	74.20-74.25	74.20-72.40
Apr.-Jne	76.05-75.15	74.95-75.00	75.30-73.60
Jly.-Sept	76.60-76.65	76.70-76.80	76.95-75.60
Oct-Dec	78.10-78.15	78.20-78.25	78.50-77.30
Jan-Mar	79.70-79.85	79.50-79.60	79.20
Apr-Jne	81.20-81.25	81.10-81.30	80.50-80.45
Jly.-Sept	82.80-85.00	82.80-83.10	82.50-82.58
Oct-Dec	84.20-85.00	84.38-84.50	85.50

Sales: 475 (618) at 15 tones: 427 (232) at 5 tonnes.

Physical closing prices (buyer) were: Spot 71.50p (72.75p), Feb. 70.75p (71.00p): March 72.00p (71.75p).

SOYABEAN MEAL

The London market opened on stronger sterling, reported T. G. Roddick but business was dull and thin throughout the day and the market finished at opening levels.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	121.00-21.2	+1.05	121.00-20.80
April	116.50-16.5	—0.40	116.50-16.00
June	115.40-15.8	—	116.50-15.40
August	116.50-17.4	—0.20	116.50
October	116.60-16.5	+0.25	115.50
December	118.10-19.0	+0.55	—
February	119.30-20.8	—0.10	—

Sales: 28 (25) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £182.00 (£178.00) a tonne cif for Jan.-Feb. shipment. White sugar daily price was £190.00 (£188.00).

Renewed buying from commission houses on a chart basis absorbed substantial selling interest and prices began to move ahead. A brief reaction of some £2.00 occurred early afternoon following a disappointing New York opening but the lows were shortlived and closing prices were the high points of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	189.00-89.25	184.50-84.50	189.50-85.00
May	189.50-89.75	184.65-84.70	190.00-85.00
Aug	190.50-90.70	184.80-84.90	190.75-85.75
Oct	189.50-89.70	184.50-84.65	190.00-85.00

Sales: 7,730 (6,580) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £259.00 (£256.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 14. Daily price 16.27 (15.56), 15-day average 15.21 (15.12).

No. 4 CONTRACT—Close (in order buyer, seller only): May 188.50, 189.00; Aug. 189.00, 189.50; Oct. 187.75, 188.25; Jan. 187.50, 188.25; March 189.25, 189.35; May 190.00, 190.40. Sales: 160 (219).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. 189.00, 190.00, 190.00, 163; April 190.00, 195.00, nil, nil; July unquoted, 190.00, 1; Sept., Nov., Feb., April all unquoted. Sales: 164.

JUTE

JUTE—Jan./Feb. C and F Dundee: BWC £222, BWD £192, BTB £270, BTC £239, BTD £209. C and F Antwerp Jan./Feb: BWC $498, BWD $420, BTB $590, BTC $528, BTD $458. Jute Goods Jan. C and F Dundee: 40 in 10 oz £16.39, 40 in 7.5 oz £12.82. B/Twills £35.64.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Micron Contract: March 447.0, 449.0, 448.0-445.0, 53; May 469.5, 470.0, 476.0-469.0, 153; July 488.0, 488.5, 489.0-484.0, 201; Oct. 489.5, 490.0, 491.0-485.0, 66; Dec. 489.0, 490.0, 490.0-486.0, 105; March 491.0, 493.0, 491.0-497.5, 15; May 491.0, 492.0, 492.0-490.0, 4; July 492.5, 495.0, 490.0-490.0, 4. Sales: 601.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 15 1980	+ or —	Month ago
Metals			
Aluminium	£770/810*	+50	£760/70
Free Mkt (ce)	$1850/1950	......	$1760/18
Copper			
Cash w'bar	£1,058	+22	£994.5
3 mths	£1,088.5	+19.25	£999.5
Cash Cathode	£1,054.5	+26.5	£968
3 mths	£1,065	+21.5	£981
Gold troy oz	$687.5	+31	$479.5
Lead cash	£451	+11.5	£523
3 mths	£449.5	+12	£508.5
Nickel	£3,195.78	......	£3,260.17
Freemkt(cif (lb	280/310c	......	270/310c
Platin'mtr'y oz	£189.0	......	£176.5
Free mkt	£378.00	+30.2	£276.15
Quicksil'ver	$590/400	......	$375/380
Silver troy oz	1919.70p	+163.6	1000.54p
3 months	1954.70p	+172.5	1030.10p
Tin Cash	£7,935	+425	£7,700
3 mths	£7,312.5	+77.5	£7,445
Tungsten22.04lb	$158	......	$138.75
Wolfrm 22.04 lb	$148/146	......	$129.5/134
Zinc cash	£328.5	—2	£385.5
3 months	£343.5	—1	£368.25
Producers	$780	......	$780
Oils			
Coconut (Phil)	$900x	+10	$890
Groundnut	‡	......	‡
Linseed Crude	£383	......	£395
Palm Malayan	$660z	......	$666
Seeds			
Copra Philip	$580r	......	$582.50
Soyabean(U.S.)	$285u	......	$289.50
Grains			
Barley Futures	£95.90	+0.85	£97.05
Maize			
French No3AM	‡	......	£118
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£94.50r	—0.5	£105
Eng. Millingt.	‡	......	‡
Other commodities			
Cocoa ship.t	£1,524	+5	£1,604
Future May.	£1,462	+4	£1,588.5
CoffeeF't'rMar	£1,547.5	—36	£1,657
Cotton A.Index	85.80c ‡	+0.55	82.80c
Rubber (kilo)	71.50p	—1.25	64.75p
Sugar (Raw)	£182	+4	£176
Wooltp's 64s kl	279p kilo	......	276pkilo

r Jan.-Feb. s Feb. v Feb.-March. t March-April. u April. z Indicator. § Buyer. * Price change refers to Alcan only. ‡ Nominal.

LONDON GREASY WOOL—Close (in order buyer, seller only). Pence per pound: March/May/July/Oct./Dec./March/May/July 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only): March 188.0, 198.0; May 188.0, 198.0; July/Oct./Dec./March/May/July 187.0, 197.0.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 191 tonnes, bringing the total for the week so far to 411 tonnes. Operations were patchy, but users wanted to maintain supplies. Firmer prices stimulated demand in North American and Middle Eastern styles.

*

HIDES—Birmingham: Slightly weaker. Second clears. Ox, 31-35.5 kilos, 52.0p a kilo (53.9p); 26-30.5 kilos, 60.5p (63.5p): 22-25.5 kilos, 71.1p (74.5p). Light cows, 71.0p (72.0p) a kilo withdrawn.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on January 15. GB cattle 79.68p per kg lw (+0.77). UK sheep 133.9p per kg est dcw (—1.6): GB pigs 68.6p per kg lw (+6.0).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 74.0 to 78.0, forequarters 47.0 to 49.0. Lamb: English small 56.0 to 60.0, medium 52.0 to 58.0, heavy 42.0 to 51.0. Imported frozen: NZ PL 51.0 to 52.0, PM 50.0 to 50.0. Pork: English, under 100 lb 38.0 to 50.0, 100-120 *lb* 38.0 to 47.0, 120-160 *lb* 38.0 to 46.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navel/Navelinas 4.00-4.40; Jaffa: Navels/ Shamouti 50/188's 3.90-5.45; Greek: 2.50-2.60; Moroccan: 64/113's 3.60-4.20. Satsumas—Spania: 95/189's 3.40-3.80. Clementines—Moroccan: 3/6's 4.00-4.80; Cyprus: 126/162 3.40-4.00; Corsican: 2.50-3.00. Lemons—Italian: 100/150's 5.70-6.00; Cyprus: 11-kg 84/120's 3.60-5.20; 5-kg 45/56's 2.20-2.50. Grapefruit—Cyprus: 2.80-3.40; 20-kg 3.60-4.50; Jaffa; Large boxes 32/88's 3.80-4.80; Florida; Pink flesh 36/48's 4.80-5.80. Sours/Bitters—Spanish: 4.30-4.50. Apples—French: Golden Delcious, boxes 40 lbs 138/175 4.60-5.40; 20 lbs 2.30-2.80; jumble pack 31 lbs 2.00-2.80; Granny Smith 20 lbs 2.60-3.20, 40 lbs 5.60-6.20; Starkcrimson, approx. 20 lbs 72's 2.60; 40 lbs 5.60-6.30; Hungarian: Starking 40 lbs 138's 6.00; Canadian: Red Delicious 40 lbs 9.00-10.00; Italian: Granny Smith 20 lbs per pound 0.10. Peaches—S. African: Trays 23/28's 2.00-3.00. Grapes—Spania: Almeria 2.80-3.20, Black 4.30; Californian: Red Emperor, per pound 0.50; S. African: Queen of the Vineyard 6.50. Bananas—*Jamaican: Per 28 lbs 4.80.* Avocados—Israeli: 4.50-4.60. Melons—Spanish: Green 6.50, 15 kg Green 8/15's 13.00; Peruvian: 13.00. Pineapples—Ivory Coast; Each 0.60-0.80. Onions—Spanish; 5.60-6.00; Dutch: 3.00-3.40. Tomatoes—Spanish: 1.50-2.50; Canary: 3.00-.400. Lettuce—French: 12's 1.50; Dutch: 24's 3.60. Cucumbers—Canary: 10/14's 2.60-3.20; Spanish: 2.50. Capsicums—Per pound Canary: 0.35. Celery—American: 36's 13.00; Israeli: 20/24's 6.60; Spanish: 5.50. Cauliflowers—French: 24's 7.50; Jersey: 7.00. Potatoes—Italian: Boxes 20 lbs 2.90-3.00. Dates—Tunisian: 30's per box 0.38-0.42; Californian: Per pound 0.30-0.31. Walnuts—Chinese: Per pound, dry 30mm 0.32-0.33. Brazils—LWM per pound 0.24-0.26, Medium 0.20-0.22.

English Produce: Potatoes—Per bag 2.40-3.10. Lettuce—Per 12, round 1.60-1.80. Mushrooms—Per pound 0.70-0.80. Apples—Per pound Bramley 0.07-0.14, Cox's Orange Pippin 0.07-0.15, Spartans 0.10-0.12. Pears—Per pound Conference 0.07-0.10, Comice 0.18-0.20. Swedes—Per 25/28 lbs 0.80. Parsnips—Per 28 lbs 1.50-1.70. Turnips—Per 28 lbs 1.60-1.80. Cauliflowers—12's Kent 3.00.

*

GRIMSBY FISH — Supply good, *demand moderate. Prices at ship's* side (unprocessed) per stone: Shelf cod £3.50-£4.00, codlings £2.50-£3.70. Large haddock £5.20-£6.00, medium £5.40, small £2.40-£3.00. Large plaice £3.80-£4.30, medium £3.00-£3.50, best small £3.00-£3.40. Skinned dogfish (large) £8.00, medium £6.50. Lemon soles (large) £10.00, medium £8.00. Saithe £3.50-£4.20.

AMERICAN MARKETS

NEW YORK, January 15.

GOLD AND silver advanced again limit up on short-covering by commission houses with new historically high prices established in the process. Copper prices advanced in sympathy and registered moderate gains. Sugar rallied on news of further Soviet buying and of widespread contamination of cane fields with rust, but could not hold the gains. Anticipation of price reductions by Brazil in order to fill export quotas was responsible for the *sharp* price drop. Cocoa prices responded on the upside to moderate trade buying. Maize and wheat closed slightly higher while soyabeans closed fractionally lower on moderate trading. Cotton traded moderately higher, but the nearby futures came under late pressure due to profit-taking, reported Heinold.

Potatoes (round whites)—March 58.0 (58.0), April 64.3 (63.0), May 73.5-74.0, Nov. ——. Sales: 481.

Tin—799.00-804.00 asked (780.00-786.00).

CHICAGO, January 15.

Lard—Chicago loose 20.50. New York prime steam unavailable.

Live Cattle—Jan. 65.50 (65.40), Feb. 66.75-66.60 (66.22), April 69.10-69.00, June 71.30-71.40, Aug. 71.35-71.25, Oct. 69.85-70.05, Dec. 70.65-71.15, Jan. ——, Feb. ——.

Live Hogs—Feb. 40.20 (40.65), April 39.30-39.35 (39.42), June 42.55-42.65, July 43.45-43.55, Aug. 42.55, Oct. 41.52, Dec. 43.85, Feb. 45.35, April 45.30.

‡‡Maize—March 271½-271¼ (270½). May 284¼-284 (283½), July 293½-293, Sept. 299¼, Dec. 304¾-305, March 316¼.

Pork Bellies—Feb. 41.70-41.55 (41.77), March 42.65-42.55 (46.62), May 44.25-44.10, July 46.10, Aug. 45.40-45.30, Feb. 52.00, March ——, May ——, July ——, Aug. ——.

Silver—Jan. 4675.0 (4270.0), Feb. 3665.0 (3585.0), March 3697.0, April 3732.0, June 3779.0, Aug. 3823.0, Oct. 3870.0, Dec. 3915.0, Feb. 3955.0, April 4000.0, June 4045.0, Aug. 4090.0, Oct. 4135.0, Dec. 4180.0, Feb. 4225.0, April 4277.2, June 4316.9, Aug. 4356.5.

‡Soyabeans—Jan. 639½-640 (640½). March 656½-656 (658), May 679-678, July 697, Aug. 706, Sept. 710, Nov. 719-719½, Jan. 736½-737.

‖Soyabean Meal—Jan. 182.00-181.80 (179.90), March 185.30-185.00 (183.30), May 189.70-189.50, July 194.30, Aug. 196.00, Sept. 199.50, Oct. 200.50-201.00, Dec. 204.00, Jan. 105.00, March 207.00-207.50.

Soyabean Oil — Jan. 23.05-22.95 (23.20), March 23.47-23.43 (23.65), May 23.78-23.80, July 24.07-24.10, Aug. 24.35, Sept. 24.50, Oct. 24.70, Dec. 25.00-24.95, Jan. 25.00-24.95, March 25.15.

‡Wheat—March 432½-433 (426¾), May 443-443½ (437½). July 450-451, Sept. 462½-463, Dec. 479¾, March 497.

WINNIPEG, January 15. §Barley—March 120.00 (119.50), May 119.10 (118.40), July 117.10, Oct. 112.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, January 15.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $196, March $198. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $193, March $195. U.S. No. 2 Northern Spring, 14 per cent, Jan. $200, Feb. $205, March $207.50, April-May $197.

Maize—U.S. No. 3 Corn Yellow afloat $130, Jan. $127, Feb. $128.50, March $131.50, April-June $137.50, July-Sept. $142, Oct.-Dec. $146.

Soyabeans—U.S. No. 2 Yellow Gulfports Jan. $262.25, Feb. $267.50, March $270.50, April $277.50, May $279.25, June $284.50, July $286, Aug. $289, Sept. $291, Oct. $293.25, Nov. $292, Dec. $298.75, Jan. $303 sellers, Jan. $261 paid. Brazil Yellow Faq. unquoted. Argentine $276 seller.

Soyameal—44 per cent protein U.S. afloat $249.50, Jan. $246, Feb. $243, March $242.50, April-Sept. $244, Nov.-March $265. Brazil Pellets afloat $265, Jan. $263.50, Feb. $262.50, March $249, April-May $246.50, April-Sept. $251.

PARIS, January 15.

Cocoa (FFr per 100 kilos)—March 1330-31, May 1317-20, July 1320, Sept. 1330-50, Dec. 1334-55, March 1347-63. Sales at call 13.

Sugar (FFr per 100 kilos)—March 1747-48, May 1762-63, July 1750-70, Aug. 1762-70, Oct. 1776-80, Nov. 1775-85, Dec. 1775-95, March 1780-1805. Sales at call 63.

INDICES

FINANCIAL TIMES

Jan 14	Jan. 11	M'nth ago	Year ago
290.44	290.12	294.65	265.38

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 14	Jan. 11	Month ago	Year ago
Spot	418.87	417.61	417.83	378.31
F'tur's	428.20	428.86	426.94	374.06

(Average 1924-25-26=100)

MOODY'S

Jan. 14	Jan. 11	M'nth ago	Year ago
1430.8	1301.2	1236.6	996.1

(December 31, 1931=100)

REUTERS

Jan. 15	Jan. 14	M'nth ago	Year ago
1706.0	1701.6	1706.2	1499.9

(Base: September 18, 1931=100)

CORAL INDEX: Close 438-443 (—4)

PUBLIC NOTICES

ROTHERHAM METROPOLITAN BOROUGH COUNCIL £1,000,000 Bills issued 16.1.80 at 15 57/64% to mature 16.4.80. Total applications were £9.5m and there are £3m bills outstanding.

BATH CITY COUNCIL £275,000 bills issued 16.1.80 @ 15 57/64% to mature 16.4.80. Total applications were £2.2m and these are the only outstanding bills.

GRIMSBY BOROUGH COUNCIL £500,000 bills issued 16.1.80 @ 15 57/64% to mature 16.4.80. Total applications were £2.7m and these are the only outstanding bills.

WALSALL METROPOLITAN BOROUGH BILLS £5,250,000.00 Bills issued 16th January, 1980, due 16th April, 1980 at the rate of 15 57/64%. Applications totalled £47,750,000.00. These are the only Bills outstanding.

Equities boil over but Government stocks hold firm and Gold shares bound on surging bullion price

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 28	Jan. 10	Jan. 11	Jan. 21
Jan. 14	Jan. 24	Jan. 25	Feb. 4
Jan. 28	Feb. 7	Feb. 8	Feb. 18

* "New time" dealings may take place from 9.30 am two business days earlier.

A generally cautious Press about the prospect of an early end to the steel dispute together with revived concern over the international situation gave equity dealers cause to mark leading shares easier yesterday. The adverse influences made no impression on Gilt-edged securities, however, and South African Gold shares continued to boom on the back of the phenomenal rise in the bullion price.

Ripe for a technical reaction after the previous five-day upsurge, which resulted in a rise of 30 points in the FT 30-share index, leading equities were opened several pence lower. Only a moderate volume of profit-taking developed though, and a recovery began once it was absorbed. Institutional buyers were much less keen than of late and business came to a near standstill awaiting the December trade returns.

The figures were announced at the official close and on first sight seemed slightly encouraging so prices began to nudge forward again with the result that the index, after having recorded a fall of 7.7 at 10.00 am and one of 4.5 at 3.00 pm, furthered the rally to close 4.1 down on balance at 441.7. The reduction in overall trade was illustrated by total bargains of 25,427 compared with Monday's 26,103.

The presence of overseas funds, mainly directed at the shorts, ensured a continuation of the firm trend in Government stocks. Gains extending to a half-point were retained by shorter-dated stocks despite a late easier tendency in the longs which saw rises, also of ½, eventually erased. Specialist demand for the low-coupon Exchequer 3 per cent 1981 in clean form resulted in an outstanding gain of ⅞ to 88⅛.

A good two-way trade was again evident at the longer end of the market with foreign investment still concentrating on War Loan 3½ per cent, up a point more at 33¼: stock continued to be in short supply and this contributed to the strength in War Loan and other irredeemables.

Foreign Railways provided a feature in Antofagasta which, largely on the efforts of one buyer, jumped 5 points to a 1979-1980 peak of £53.

Traded options were again dominated by Consolidated Gold Fields which contributed 636 trades to a total of 1,089.

A fresh bout of speculative demand on revived bid hopes helped Keyser Ullmann feature merchant banks with a rise of 4 to 71p. Details of the proposed deal with Credit Commercial de France SA left Hill Samuel a couple of pence better at 82p, while Hambros edged forward 3 to 290p. Profit-taking after the previous day's smart gains left the major clearing banks with modest falls. Lloyds eased 2 to 308p as did NatWest, to 350p. Bank of Scotland diped 5 to 290p. Hire Purchases tended lower with Lloyds and Scottish down 4 at 122p and Provident Financial 2 off at 98p.

Comment on the Board's further strong rejection of Marsh and McLennan's 169p per share offer left Bowring 2 lower at 139p. Other Lloyds brokers, however, made progress; C. E. Heath added 5 more at 218p and Willis Faber gained 3 to 228p. Brentnall Beard, at 16p, held the previous day's rise of 4 ahead of Friday's preliminary results.

Breweries passed a rather uninteresting session, with final quotations a little easier where altered. Elsewhere, Highland Distilleries hardened 2 more to 146p awaiting developments in the bid situation.

Leading Buildings trended easier, but selling was small. Blue Circle eased 4 to 264p and Tarmac 3 to 190p. Secondary issues displayed several firm features with Burnett and Hallamshire advancing 40 to 525p in a thin market following Mr. Alan Ferguson's resignation from the Board. Brown and Jackson became a good market and put on 13 to 215p, while Norwest Holst added 6 to 122p, the latter awaiting news of takeover discussions. Gough Cooper hardened a penny to 77p, after 78p, in response to the annual results, but SGB shed 4 to 234p despite the good results and proposed 4-for-5 scrip issue. In Timbers, Magnet and Southerns, half-yearly results today, added a penny further to 146p.

ICI encountered early selling and, despite several attempts at a rally, finished 5 cheaper at 367p. Fisons, however, ended only a penny down at 289p, after 284p.

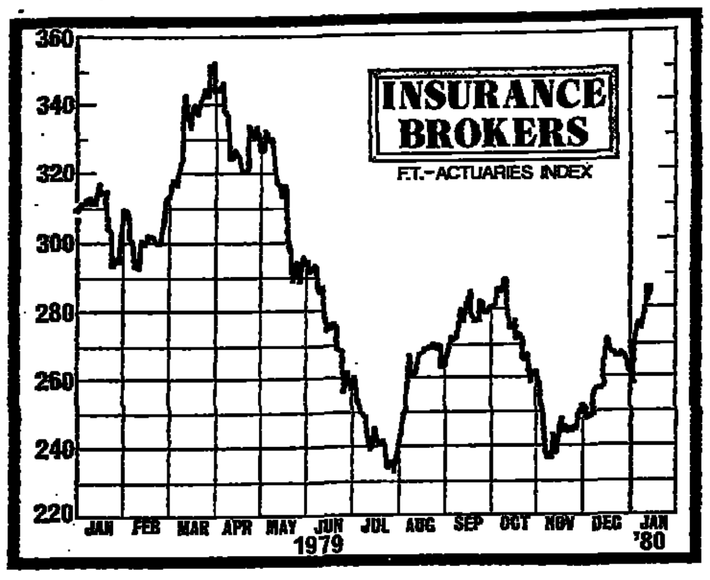
Status Discount good

Status Discount stood out in Stores, rising 6 to 57p in response to results. Still reflecting Press comment, Time Products added 4 more at 72p, while Bakers Household firmed a similar amount to 100p. Kitchen Queen were sold down to 26p, a further reaction of 2 and one of 14 over the past three trading sessions, still on speculation that targets are not being met; a statement from the Board clarifying the company's position is to be released today on the eve of the annual meeting. Leading issues encountered profit-taking after Monday's good gains. House of Fraser at 116p, after 113p, lost 2 of the previous day's rise which followed revived hopes that Lonrho might soon bid for the outstanding 70 per cent of Fraser's shares it does not already own. UDS dipped 3 to 71p, after 70p, and Marks and Spencer reacted 2 to 87p, after 86p.

Speculation that the possible terms of the much rumoured bid for Decca from Racal Electronics would be below recent market levels prompted dullness in the former which reacted 15 to 33[illegible] with the "A" shares 13 lower at 303p. Racal also weakened and closed 13 down at 195p. Elsewhere in Electricals, Muirhead encountered nervous offerings ahead of the preliminary results due next week and fell 18 to 248p. Some of the previous day's high-fliers also took a turn for the worse, Eurotherm reacting 12 to 290p and United Scientific [illegible] to 388p. Among the leaders, GEC touched 344p before settling at 348p, down 2 on the day, while Thorn ended without alteration at 298p, after 294p.

Apart from Guest Keen, which hardened 2 to 260p, the Engineering leaders ended the day on an easier note. Hawker closed 4 off at 188p, while falls of 2 were recorded in Vickers, 120p, and John Brown, 62p. Elsewhere, Yarrow were outstanding at 330p, up 10, on news of the deal with Vickers Starwick of Canada. Simon Engineering continued firmly and put on 4 more to 170p, while APV improved a similar amount to 170p. Brooke Tool, 42p, and Wellman Engineering, 50p, both closed without alteration following trading statements. Chemring, a firm market of late, reacted 5 to 105p, while other dull spots included Northern Engineering, 43p, and Stone-Platt, 44p, down 2 and 3 respectively.

Profit-taking among leading Foods was eventually absorbed and prices closed without much change on balance. Tate and Lyle, interim results today, recovered to unchanged at 160p, after 157p. Grand Metropolitan, 141p, and Trusthouse Forte, 142p, shed 2 apiece ahead of their respective annual trading statements.



Marked down at the outset, miscellaneous industrial leaders eased a shade further on sporadic profit-taking and closed with falls ranging to 8. Glaxo lost that much to 460p, while Rank Organisation declined 4 to 182p; the latter's results are due on January 24. Beecham gave up 4 to 123p, after 121p, but Bowater picked up from 153p to finish a net 2 better on balance at 156p. Elsewhere, Lesney Products lost 2 to 28p following redundancy news and the Board's announcement that a current year profits will be substantially below last year's. On the other hand Airfix Industries hardened 2 to 24p. Press comment prompted improvements of 2 in Unicorn Industries, 85p, and British Vita, 145p, while renewed North Sea oil speculation left National Carbonising 6 higher at 140p. Cape Industries also rose 6, to 234p, as did Portals, to 224p, while Gripperrods advanced 5 to 152p. Diamond Stylus dipped a penny to 21p following the interim profits setback.

In Motors Components, Lucas encountered selling and shed 5 to 243p. Dunlop eased a penny to 58p and Dowty 4 to 164p. Bluemel Brothers, on the other hand, attracted buyers and, in a thin market, added 3 to 57p. Supra put on 7 to 81p in belated response to favourable Press comment. Commercial Vehicles traded firmer throughout with Plaxtons 4 better at 160p and Peak Investments 1½ to the good at 9p.

In Paper/Printings, Mills and Allen put on 19 to 271p and More O'Ferrall firmed 10 for a two-day gain of 21 to 110p on speculative buying. Small buying lifted BPC 2 to 30p. Associated Newspapers, a good market of late on the better-than-expected results, shed 5 to 284p on profit-taking, but Daily Mail A added a couple of pence more to 490p.

Particularly firm of late on hopes of lower interest rates, the Property sector ran into profit-taking with Land Securities, at 275p, shedding half the previous day's gain of 10p. MEPC cheapened 4 to 175p and Haslemere gave up 8 to 282p. Stock Conversion ran back 6 to 370p awaiting today's half-yearly results, while Berkeley Hambro, 180p, Great Portland Estates, 210p, and Scottish Metropolitan, 116p, all shed 3. Lynton met selling following the slightly reduced interim profits and dipped 8 to 144p, after 142p. Hammerson A, a particularly good market since the agreed acquisition of Reunion Properties, eased 10 to 760p.

Oils firm

Against the general trend, Oil shares held steady to firm, with a reasonable amount of interest still being shown in secondary isues. Siebens improved 6 more to 478p and British Borneo ended similarly dearer at 292p. Cluff rose 10 to 420p, while CCP North Sea firmed a few pence to 226p. Premier closed 1½ to the good at 48p, after 44½p, following the proposed rights issue; it was also announced yesterday that oil and gas had been found in an exploratory well on and adjacent to the company's Monument Creek prospect. Among the leaders, BP improved 4 to 338p and Shell edged up a few pence to 328p.

Reflecting Press comment, Lonrho improved 3 more to 95p in Overseas Traders.

Still drawing strength from the current boom in gold mining issues, South African Industrials scored further double-figure gains. Barlow Rand advanced 21 to 363p, while Anglo American Industrial, 825p, and OK Bazaars, 590p, rose 25 apiece. Tiger Oats closed 40 to the good at 600p.

Castlefield (Klang) highlighted Plantations with a rise of 40 to 380p on news of the possible sale of Castlefield Estate for property development. Inch Kenneth Kajang advanced 23 to 190p in sympathy, while Bertam Consolidated added 6 to 45p.

Big demand for Golds

Another day of hectic activity in mining markets saw South African Golds register spectacular gains for the fourth successive trading day as the bullion price continued its upward spiral to close a further $31 up at a record $687.50 an ounce. The latter has now risen over 30 per cent since the end of December.

The Gold Mines index advanced 16.4 more to 337.50—a gain of 70.5 during the last four trading days.

Jobbers hoisted share prices at the outset reflecting the heavy gains in overnight American markets. The market then surged ahead strongly with persistent and sizeable buying demand, notably from London, taking prices sharply higher until the after-hours business when profit-taking and selling on U.S. account left quotations a shade below the day's best.

Heavyweights scored gains to £1½, as in Hartebest, £27½, while West Driefontein and Free State Geduld both closed £1¼ better at £35¾ and £24¼ respectively.

Among the lower-priced issues, Western Areas and Elsburg were prominent ahead of quarterly results which showed Western Areas net profits almost tripled and left the shares 58 up at 416p; Elsburg advanced 51 to 282p.

Financials mirrored Golds. "Johnnies," £26, and GFSA, £30½, registered gains of a point and more, while Middle Wits surged 60 to 420p. General Mining 45 to 825p and Union Corporation 25 to 625p. De Beers continued the recent strong rally and closed 25 firmer at 476p.

London Financials were again featured by heavy buying of Gold Fields which added 15 more to 458p after a 1979-80 high of 460p.

On the other hand, profit-taking left Rio Tinto-Zinc 3 cheaper at 357p.

Platinums improved in the wake of the free market platinum price. Rises of 8 were common to Lydenburg, 157p, and Rustenburg, 285p. Rhodesians showed substantial gains with Coronation Syndicate 40 higher at 340p and Falcon Mines 30 up at 600p.

Australians met profit-taking, although there were a few exceptions to the general trend. Gold issues edged higher with North Kalgurli 2 firmer at 50p and Poseidon 5 better at 136p. Speculative buying lifted Whim Creek 8 to 70p.

The Ashton participants slipped back, however. Conzinc Riotinto gave up 16 to 284p, Northern Mining 11 to 143p and Ashton Mining 3 to 162p.

Elsewhere, Cons. Murchison rose 20 ot 400p in front of the sharply increased net profits during the last quarter, while in Irish/Canadians the rush of buying in overnight U.S. markets saw Northgate Exploration marked up 135 to 585p.

FINANCIAL TIMES STOCK INDICES

—	Jan. 15	Jan. 14	Jan. 11	Jan. 10	Jan. 9	Jan. 8	A year ago
Government Secs.	68.05	67.83	66.80	65.85	65.34	65.50	[illegible]
Fixed interest	68.49	68.00	67.58	66.46	66.29	66.39	[illegible]
Industrial	441.7	446.8	435.2	430.8	423.5	415.6	[illegible]
Gold Mines	337.0	320.6	294.9	280.5	266.5	[illegible]	[illegible]
Ord. Div. Yield	7.41	7.35	7.50	7.56	7.68	7.88	6.08
Earnings, Yld. % (full)	18.39	18.30	18.67	18.82	19.12	19.49	15.80
P/E Ratio (net) (*)	6.70	6.83	6.69	6.54	6.44	6.32	8.22
Total bargains	25,427	26,103	24,058	19,399	18,849	19,784	—
Equity turnover £m	—	127.61	132.07	101.76	93.65	88.16	70.99
Equity bargains total	—	19,127	16,127	14,557	12,312	13,708	13,790

10 am 438.1. 11 am 442.0. Noon 439.1. 1 pm 439.2.
2 pm 439.4. 3 pm 441.3.
Latest Index 01-246 8026.
* Nil=6.47.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80		Since Compilat'n	
	High	Low	High	Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	337.0 (15/1/80)	129.9 (17/4)	449.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 15	Jan. 14
—Daily		
Gilt Edged	184.5	168.6
Industrials	142.1	151.0
Speculative	118.1	78.2
Totals	105.6	95.0
5-d'y A'vr'ge		
Gilt Edged	154.6	144.7
Industrials	125.2	116.5
Speculative	81.9	75.4
Totals	90.6	85.5

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (79)

BRITISH FUNDS (1)
Exchqr. 14pc 1984
FOREIGN BONDS (1)
Antofagasta Railway
AMERICANS (1)
ASA
BEERS (2)
Macallan-Glenlivet
Tomatin
BUILDINGS (1)
Burnett & Hallamshire
CHEMICALS (1)
Ellis & Everard
ELECTRICALS (2)
Perkin-Elmer 4pc
Pifco
ENGINEERING (1)
Bevan (D. F.)
INDUSTRIALS (6)
Brengreen
Diploma
Hamilborne
Natl. Carbonising
Pitney Bowes Ln.
Tebbitt
MOTORS (1)
Supra Group
NEWSPAPERS (1)
Daily Mail A
PAPER (2)
Cradley Printing
Eucalyptus
SOUTH AFRICANS (3)
Greatermans A
OK Bazaars
S.A. Breweries
TEXTILES (1)
Vita-Tex
TRUSTS (1)
Britannia Arrow
OIL & GAS (4)
Cluff Oil
Do. Conv. A
Imp. Continental Gas
KCA
OVERSEAS TRADERS (1)
Lonrho
RUBBERS (3)
Castlefield
Guthrie
London Sumatra
TEAS (2)
Assam Dooars
Lawrie Plantation
MINES (44)
Durban Deep
E.R.G.O.
Kinross
Leslie
South African Land
Winkelhaak
Buffels.
Doornfontein
East Driefontein
Elsburg
Hartebeest.
Kloof Gold
Libanon
Stilfontein
Venterspost
West Driefontein
Western Areas
Free State Dvlpt.
Free State Geduld
F.S. Saaiplaas
Loraine
President Brand
President Steyn
St. Helena
Welkom
Cons. Gold Fields
General Mining
Gold Fields S.A.
Jo'burg Cons.
Middle Wit.
Rand London
Selection Trust
Silvermines
U.C. Invs.
Rustenburg Platinum
Coronation
Falcon
BH South
Eagle Corp.
Olimin
Malay Dredging
Messina
Consid. Murchison
Northgate

NEW LOWS (14)

AMERICANS (2)
Colgate-Palmolive
First Chicago
STORES (1)
Liberty N-Y
ELECTRICALS (2)
Philips' Lamp
Quest Auto.
INDUSTRIALS (2)
Grampian Hldgs.
Lesney Products
MOTORS (2)
Volvo
Henlys
NEWSPAPERS (1)
Black (A. & C.)
PROPERTY (1)
Capital & Counties
SHOES (1)
Lambert Howarth
TRUSTS (1)
Danae Inc.
TEAS (1)
Ruo Estates

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	Vol.	April Closing offer	Vol.	July Closing offer	Vol.	Equity close
BP	350	6	—	21	2	—	—	337p
BP	375	¾	1	12	—	—	—	"
Com. Union	140	5	—	13	—	18	5	142p
Cons. Gold	220	240	35	255	—	—	—	459p
Cons. Gold	240	220	84	235	2	—	—	"
Cons. Gold	260	200	—	215	37	231	—	"
Cons. Gold	330	130	1	147	15	166	—	"
Cons. Gold	360	100	2	120	3	140	—	"
Cons. Gold	390	70	—	96	10	115	—	"
Cons. Gold	420	40	91	77	108	95	—	"
Cons. Gold	460	10½	100	50	148	71	—	"
Courtaulds	70	8	5	12	—	14	—	76p
Courtaulds	80	1	—	7	25	9	—	"
Grand Met.	140	—	—	11½	2	17½	4	141p
Grand Met.	160	—	—	4½	—	3½	16	"
ICI	300	70	5	76	—	—	—	367p
ICI	330	40	5	48	—	63	—	"
ICI	360	11	10	27	3	42	—	"
ICI	390	½	—	12	15	27	8	"
Land Secs.	260	17	53	34	—	41	—	276p
Land Secs.	280	4	43	20	10	26	—	"
Land Secs.	300	½	—	12	38	19	—	"
Land Secs.	330	½	—	5	—	11	3	"
Marks & Sp.	70	17	—	22	—	23½	5	87p
Marks & Sp.	90	2	—	8	—	11	5	"
Marks & Sp.	100	¼	—	4½	11	7	—	"
Shell	360	—	—	15	—	20	3	328p
Totals			435		429		50	
		February		May		August		
Boots	160	20	—	29	2	32	—	177p
Imperial Gp.	70	10	—	10½	5	12½	—	79p
Imperial Gp.	80	3½	—	4½	44	6½	25	
Racal Elec.	180	27	—	39	5	46	—	195p
Racal Elec.	200	12	28	26	11	34	2	"
Racal Elec.	220	4	—	17	15	25	—	"
RTZ	300	67	2	84	—	94	—	358p
RTZ	330	40	19	60	2	73	—	"
RTZ	360	20	6	41	9	57	—	"
Totals			55		93		27	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	24	8	58
Corpns., Dom. and Foreign Bonds	33	—	33
Industrials	286	282	835
Financial and Prop.	109	161	228
Oils	23	9	10
Plantations	14	1	13
Mines	80	25	42
Others	31	58	77
Totals	600	540	1,294

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Tues., Jan. 15, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Jan. 14 Index No.	Fri., Jan. 11 Index No.	Thur., Jan. 10 Index No.	Wed., Jan. 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	223.47	−0.5	19.47	6.94	6.49	224.51	220.75	217.56	215.09	236.37
2	Building Materials (27)	206.79	−0.5	19.01	7.37	6.75	207.76	203.80	200.39	198.46	210.34
3	Contracting, Construction (29)	336.49	+0.2	27.44	7.20	4.51	335.71	324.62	319.38	316.80	361.53
4	Electricals (15)	576.53	−0.7	13.98	4.31	9.54	580.68	574.84	567.20	560.77	547.61
5	Engineering Contractors (11)	291.36	−1.2	26.62	8.78	4.80	294.89	287.10	281.44	275.61	371.39
6	Mechanical Engineering (74)	157.17	−0.6	21.93	8.25	5.64	158.15	155.59	153.40	151.44	184.98
8	Metals and Metal Forming (16)	154.04	+0.3	21.61	9.86	5.57	153.62	150.96	149.19	147.54	163.89
	CONSUMER GOODS										
11	(DURABLE) (50)	203.14	−1.2	17.56	6.04	7.04	205.57	202.93	200.62	198.86	212.06
12	Lt. Electronics, Radio, TV (15)	277.82	−1.5	13.80	4.68	9.30	281.97	278.78	276.05	273.62	269.12
13	Household Goods (14)	113.37	−0.3	26.70	9.56	4.54	113.72	114.06	112.83	112.24	167.44
14	Motors and Distributors (21)	108.56	−0.7	24.72	8.58	4.78	109.28	107.07	105.41	104.42	122.04
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	217.87	−0.7	18.41	6.91	6.72	219.37	214.87	211.67	208.13	212.24
22	Breweries (14)	260.88	−0.4	16.77	6.70	7.00	261.87	257.88	256.49	255.02	236.29
23	Wines and Spirits (5)	313.65	+0.1	17.30	5.91	7.13	313.22	308.55	304.05	300.80	297.91
24	Entertainment, Catering (17)	295.17	−1.1	17.90	6.69	7.25	298.58	288.57	288.11	279.25	274.94
25	Food Manufacturing (19)	199.70	−0.5	20.29	7.28	6.10	200.62	197.26	193.84	192.56	201.27
26	Food Retailing (15)	313.23	−0.6	13.15	4.53	9.09	315.19	310.47	302.42	296.92	234.59
32	Newspapers, Publishing (13)	415.35	−0.4	24.00	7.23	5.73	417.11	409.13	399.67	392.87	389.43
33	Packaging and Paper (15)	120.80	+0.1	24.58	9.40	5.24	120.66	118.36	115.12	114.14	136.41
34	Stores (43)	210.04	−1.0	14.66	5.41	8.81	212.10	206.87	204.28	199.88	197.00
35	Textiles (23)	131.02	−1.3	27.76	12.36	4.57	132.74	129.24	128.09	126.09	180.82
36	Tobaccos (3)	215.20	−0.9	26.49	10.36	4.26	217.20	213.56	207.92	202.45	237.80
37	Toys and Games (6)	45.60	−0.4	35.90	15.70	3.51	45.76	45.20	45.63	46.15	91.04
41	OTHER GROUPS (98)	195.95	−1.0	16.04	6.85	7.59	197.98	193.86	191.95	189.51	199.02
42	Chemicals (18)	290.19	−0.9	16.78	6.87	6.88	292.80	288.16	286.74	282.72	278.13
43	Pharmaceutical Products (7)	205.13	−2.1	12.41	6.23	9.83	209.53	204.88	203.95	198.98	247.29
44	Office Equipment (6)	105.29	−1.4	18.96	8.01	6.58	106.74	104.30	104.89	103.40	144.36
45	Shipping (10)	418.70	−0.2	12.64	7.71	10.09	419.62	415.91	411.53	414.68	424.46
46	Miscellaneous (57)	232.02	−0.7	17.16	6.79	7.39	233.55	227.46	222.97	220.96	214.11
49	INDUSTRIAL GROUP (493)	219.77	−0.7	18.04	6.84	6.87	221.41	217.19	214.30	211.33	221.86
51	Oils (7)	690.58	+0.9	16.31	6.92	6.63	684.16	674.03	680.76	673.25	510.43
59	500 SHARE INDEX	257.15	−0.4	17.69	6.86	6.82	258.20	253.50	251.30	247.96	245.88
61	FINANCIAL GROUP (117)	186.85	−0.6	—	5.91	—	188.03	184.25	181.11	179.86	174.11
62	Banks (6)	218.83	−0.3	38.01	5.94	3.36	219.51	214.55	210.59	212.40	212.44
63	Discount Houses (10)	233.59	+0.4	—	8.49	—	232.74	230.19	219.83	217.74	214.10
64	Hire Purchase (5)	173.04	−2.6	20.47	5.50	6.18	177.71	168.65	167.39	166.57	167.98
65	Insurance (Life) (10)	154.41	−1.5	—	6.81	—	156.83	155.22	153.11	152.99	137.15
66	Insurance (Composite) (8)	125.07	−0.5	—	7.79	—	125.72	123.36	121.41	119.93	122.05
67	Insurance Brokers (10)	285.34	+0.2	17.47	6.87	8.18	284.76	279.65	277.08	274.28	314.61
68	Merchant Banks (14)	93.54	+1.4	—	6.36	—	92.24	90.56	89.16	89.03	80.52
69	Property (44)	333.23	−1.5	3.96	3.22	36.24	338.32	330.86	323.68	315.99	277.23
70	Miscellaneous (10)	127.11	+1.1	14.97	7.13	8.69	125.67	123.57	122.64	122.75	115.20
71	Investment Trusts (109)	204.47	−0.2	—	5.99	—	204.98	198.26	195.37	194.10	211.58
81	Mining Finance (4)	182.50	+0.9	12.63	4.84	9.61	180.79	177.82	172.82	174.70	109.80
91	Overseas Traders (20)	352.38	+1.2	14.24	7.12	8.47	348.29	341.67	338.81	333.65	328.62
99	ALL-SHARE INDEX (750)	239.93	−0.4	—	6.60	—	240.81	236.15	233.56	230.95	226.77

FIXED INTEREST PRICE INDICES

	British Government	Tues., Jan. 15	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	101.38	+0.21	0.09	0.45
2	5-15 years	107.01	+0.04	0.23	0.23
3	Over 15 years	112.43	+0.00	0.24	0.24
4	Irredeemables	133.40	+2.23	—	0.00
5	All stocks	106.71	+0.13	0.18	0.31

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Jan. 15	Mon., Jan. 14	Year ago (approx.)
1	Low Coupons	5 years	12.00	12.20	9.78
2		15 years	12.00	11.96	11.58
3		25 years	12.00	11.97	12.39
4	Medium Coupons	5 years	14.15	14.21	12.91
5		15 years	13.69	13.73	12.96
6		25 years	13.56	13.55	12.96
7	High Coupons	5 years	14.58	14.62	13.06
8		15 years	14.16	14.15	13.52
9		25 years	13.84	13.83	13.48
10	Irredeemables		11.82	11.26	12.14

		Tues., Jan. 15 Index No.	Yield %	Mon. Jan. 14	Friday Jan. 11	Thurs. Jan. 10	Wed. Jan. 9	Tues. Jan. 8	Mon. Jan. 7	Friday Jan. 4	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	49.83	†14.83	49.75	49.53	49.26	49.26	49.15	49.12	49.28	54.72
16	Investment Trust Prefs. (15)	47.00	14.32	46.90	46.86	46.49	46.45	46.46	46.45	46.34	51.33
17	Coml. and Indl. Prefs. (20)	61.89	14.62	61.64	61.57	61.32	61.28	61.24	61.24	61.32	72.46

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Cons. Gold Fields	25p	9	458	+15	460	178
Imp. Cont. Gas	£1	9	645	+ 7	645	358
BP	25p	8	338	+ 4	406	220½
GEC	25p	8	348	− 2	456	311
Beecham	25p	7	123	− 4	189	114
Grand Met.	50p	7	141	− 2	178½	110½
Harmony Gold	R0.50	7	881	+54	885	265
ICI	£1	7	367	− 5	415	314
Kloof Gold	R1	7	£13⅞	+ 1	£13⅞	483
Libanon	R1	7	£10	+ 1/16	£10	414
Lonrho	25p	7	95	+ 3	95	62
Premier Cons.	5p	7	48	+ 1½	49	13
RTZ	25p	7	357	− 3	362	226
Rustenburg Plat.	R0.10	7	285	+ 8	285	94
Tate & Lyle	£1	6	160	—	188	127

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 7	Jan. 18	Apr. 10	Apr. 21
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19

For rate indications see end of Share Information Service

Money was given for the call of Reardon Smith A, Racal, Lonrho, J. E. Sanger, Dawson International, Woodside Petroleum, John Brown, House of Fraser, Lesmo, KCA, Carpets International, Stroud Riley, Grand Metropolitan, Consolidated Gold Fields, Dunlop, Premier Consolidated, Suter Electrical, Coral Leisure, Cakebread Robey A, Status Discount and Arthur Bell. Puts were arranged in Town and City, ICI, F. S. Saaiplaas and First National Finance, while double options were transacted in Lonrho, Town and City, C. T. Bowring, Premier Consolidated and Suter Electrical.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
§70	F.P.	—	92	82	††Bio-kil Chem. 10p	86	......	¶4.8	1.2	8.1	15.7
365	150	20/2	182	128	B.P. 'New'	134	......	§13.75	6.8	6.7	6.2
§90	F.P.	11/1	111	101	Conder Intl.	108	+2	b7.0	2.9	9.3	4.1
§80	F.P.	—	104	98½	Emess Lighting	108½	......	b6.0	3.0	8.5	4.6
¶	F.P.	25/1	132	119	Haynes P'blish'g 20p	132	+2	bd6.0	2.1	6.5	8.9
§41	F.P.	—	47	41	Lontrim	42	......	b3.36	1.3	11.4	10.0
£10	F.P.	—	£10⅛	£10	Sel Mkt TstPrtRedPrf	£10⅛	......	—	—	—	—
¶	F.P.	11/1	74	68	Spring Grove 10p	71	......	b4.0	1.8	8.0	9.7
‖‖	F.P.	—	£27	£25½	WereldhaveNVDFL 20	£26	......	QFl.6	1.1	6.1	17.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
§	F.P.	19/12	94	90½	Amber Day 10½% Cum. Red. Pref. '99-02	91	......
[illegible]	£10	28/2	10¾	10½	B'mem'th & District W'ter Red.Pref.1985	10¾	......
¶	F.P.	31/1	99	92½	Bristol Waterworks 8% Red. Pref. 1984	95½	......
—	F.P.	22/1	98	90	Dundonian 11¼% Cum. Conv. Pref.	98	......
[illegible]	F.P.	8/2	86p	85p	Hewitt (J.) 10pc Cum Pref.	86p	+1
¶	F.P.	25/1	91⅛	91⅛	Mid-Sussex Water 7% Red. Pref. 1985New	91½	......
§§	F.P.	13/2	88¾p	78p	Thorn Elec. 7%Con.Red.2ndComPrf92-99	87p	−1

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing price p:	+ or −
12½	Nil	24/1	21/2	10pm	2pm	Associated British Engineering	7pm	−3
520	F.P.	—	—	45	29	Dundonian	41	−2
40	Nil	22/1	29/2	41pm	29pm	Elson & Robbins	41pm	......
560	F.P.	3/1	24/1	780	660	Hammerson Prop. & Inv. Trust	775	−5
60	F.P.	3/1	24/1	770	660	Do. A	765	−5
A$1	Nil	—	—	45pm	20pm	Hanimex Corp.	29pm	......
12½	Nil	7/1	28/1	25	17½	Laganvale Estates	25	......
60cts	Nil	—	—	350pm	190pm	Pancontinental	350pm	+10
200	F.P.	5/12	1/2	214	200	Pilkington Bros	215	......
34	F.P.	11/1	15/2	48¼	44	Wearwell	48½	+¼

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 55.6 58.5 ..... 2.29
Next dealing January 17.
Lloyds Trust Gilt 9.11 9.12xd 13.50
Next dealings Jan. 16.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF412.00 441.50 +12.50 0.8
Lloyds Int. Income SF271.00 281.50 +1.50 6.48

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Jan. 15 US$5.55 5.73 +0.24 —
Australian Ex. Jan. 9 US$5.17 5.46 — —
Gold Ex. Acc. US$38.48 40.43 — —
Island 131.7 140.2 +2.4 3.73
(Accum Units) 195.8 208.3 +3.4 3.73

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt 94.9 95.4 ..... 13.00

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Dec. 31 SF47.95 52.05 ..... 3.39
Japfest. Dec. 31 HK$15.05 16.29 ..... 1.18
117 Group Dec. 31 US$12.67 13.63 ..... 3.04
117 Jersey Dec. 27 £5.69 6.64 ..... 1.70
117 Jersey O's Dec. 19 £6.31 6.41 ..... 3.69

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd. US$32.88 ..... —
*Murray Fund US$15.12 ..... —
*NAV Dec. 31.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 46.6 48.0 +1.0 12.50
Equity Fund 46.1 48.0 ..... 4.17

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Jan. 11 US$12.95 — ..... —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Bmda.
NAV Oct. 19 £4.36 ..... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV Jan. 11 US$19.35 +0.09 —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$2.62 2.83 ..... —
Far East Fund US$1.88 2.04 ..... —
Intl. Currency Fund US$1.50 1.62 ..... —
Dollar Fxd. Int. Fund US$1.75 1.90 ..... —
Ster. Exempt Gilt Fd. £1.28 1.39 ..... —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 43.6 45.8 ..... —
Sterling Equity Fd. 51.2 53.8 ..... —
Intnl. Bond Fd. US$96.8 101.0 ..... —
Intnl. Equity Fd. US$95.0 100.0 ..... —
Prices at Jan. 9. Next dealing Jan. 16.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. 81.1 85.9 ..... 13.97
Quest Intl. Secs. $0.964 1.037 ..... 2.89
Quest Intl. Bd. $0.903 0.956 ..... 9.01
Prices on Jan. 9. Next dealing Jan. 16.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 695.4 711.9 +40.6 —
Do. Diamond Bd. 128.6 135.5 ..... —
Do. Em Income Bd. 131.5 140.5 −1.1 13.74
Midway Deposit Bd. 106.27 107.35 ..... 16.63
Carrillon C.G.T. Bd. 57.8 60.9 ..... —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$1.65 1.75xd 1.02
OCSm. Co.*** 88.4 94.0 +4.0 3.10
O.C. Commodity* 197.3 209.8 +13.7 5.41
O.C. Dlr. Comdty.† US$45.28 48.08 ..... 0.67
O.C. Sterling Fd.** £11.164 ..... +0.008 —
*Prices on Jan. 14. Next dealing Jan. 31.
†Prices on Jan. 7. Next dealing Jan. 31.
**Daily dealings. ***Jan. 15.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.66 9.87 ..... —
Prices on Jan. 7. Next dealing Jan. 16.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. US$10.36 11.05 ..... 2.33
R.T. Int'l. (Jsy.) Fd. 78.0 83.0 ..... 3.73
Prices Jan. 8. Next dealing Jan. 15.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Funds denominated in U.S. Dollars
Dir. Fxd. Int.**† 8.19 8.72xd 8.26
Internat. Gr.*† 9.15 9.90 +0.42 —
Far Eastern*† 10.62 11.49 ..... —
North American*† 5.16 5.59 +0.19 —
Sepro***† US$16.90 18.19 ..... —
Funds denominated in Sterling
Channel Capital*† 69.1 72.8xd +0.3 1.60
Channel Islands*† 70.1 73.8xd +0.5 6.40
Commod.***† 186.9 196.9 ..... —
St. Deposit**† 114.4 114.5 ..... 0.22
St. Fixed***† 100.5 106.2 ..... 13.18
Funds denominated in other Currencies
Deutschmark Bd.**† DM9.48 10.02 ..... 4.99
Yen Bd.**† Y939.0 989.0 ..... 5.06
*Prices on Jan. 15. **Jan. 9. ***Jan. 11.
****Jan. 10. †Weekly dealings. ‡Daily dealings.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588
S.A.I.L. 59.0 62.0xd 11.69
S.A.O.I. 0.86 0.91 ..... 8.24
Gilt Fd. 20.4 20.6 +0.2 13.35
Intl. Fd. Jersey 100.0 105.0 +2.0 3.35
Intnl. Fd. Lxmbrg. $13.92 14.65 +0.26 —
*Far East Fund 95.0 100.0 +1.0 —
*Next sub. day Jan. 16.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 77.5 82.4 ..... —
$Equity US$1.634 1.738 ..... —
£Fixed Interest 144.9 154.1 ..... —
$Fixed Interest US$1.141 1.213 ..... —
£Managed 109.4 116.3 ..... —
$Managed US$1.385 1.473 ..... —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Cheapside $ Jan. 14 US$15.21 −0.05 2.10
Trafalgar Fd. Dec. 31 US$190.91 ..... —
Asian Fd. Jan. 7 US$20.43 21.51 ..... 2.79
Darling Fd. Dec. 28 A$2.75 2.92 ..... 4.40
Japan Fd. Jan. 10 US$6.78 7.25 ..... 0.69
Amer. Tst. Jan. 9 US$15.87 ..... 2.21

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$3.3080 4.2001 ..... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds DM23.36 24.59 −0.03 6.51
Tokyo Trust Dec. 28 US$32.0 ..... 2.50

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV Jan. 15 US$10.07 +0.06 —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 107.32 112.97 ..... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind. Tst. £4.91 5.02 −0.04 —
Copper Trust £16.82 17.22 +0.52 —
Jap. Index Tst. £6.42 6.56 −0.03 —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 99.6 104.8 ..... —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 49.4 52.0xd +2.2 4.62
TSB Guernsey Fund 49.4 52.0xd +2.2 4.62
Prices on Jan. 16. Next sub. day Jan. 23.

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 92.0 95.0 +4.0 12.6
TSBGiltFd.(Jsy.) 92.0 95.0 +4.0 12.6
Prices on January 16. Next sub. day January 23.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share January 7 US$69.11.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share January 7 US$50.35.

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda, 2-2760
Overseas Jan. 9 US$1.28 1.35xd 6.00
(Accum. Units) US$2.21 2.34 ..... —
Man. Int. Dec. 13 US$3.06 3.22 ..... —
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL Jan. 10 £7.95 8.55xd ..... [illegible]
(Accum. Shares) £13.25 14.20 ..... —
American Jan. 10 92.6 99.0 ..... 3.05
(Accum. shares) 96.8 103.6 ..... —
Far East Jan. 10 93.2 100.0 ..... 2.00
(Accum. shares) 96.2 103.6 ..... —
European Jan. 10 72.4 78.0 ..... 2.82
(Accum. Shares) 74.2 79.8 ..... —
Jersey Fd. Jan. 9 151.8 161.0 ..... 10.25
(Non-J. Acc. Uts.) 243.4 258.2 ..... —
Gilt Fund Jan. 9 94.8 [illegible] 12.46
(Accum. Shares) 145.6 148.2 ..... —
Victory House, Douglas, Isle of Man. 0624 24111.
Managed Dec. 13 138.4 145.8 ..... —
High Inc. Gilt Jan. 9 100.4 102.4 ..... 13.90
(Accum Shares) 100.4 102.4 ..... —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Interbl. Mngd. Fd. US$1.12 — ..... —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM15.21 16.00 ..... —
Uniglobal DM59.02 62.0 +0.20 —
Unirak DM48.22 50.65 −0.10 —
Unirenta DM35.45 36.60 ..... —
Unispecial I DM58.8[illegible] 61.80 −0.40 —
Europafonds DM23.18 ..... —

Utd. Intnl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.
U.I.B. Fund US$100.19 105.58 ..... [illegible]

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Invest. Fund US$12.96 ..... —
Net asset value Jan. 14.

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$99.43 ..... —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555
Conv. Bd. Jan. 14 US$9.47 +0.02 —
Eng. Int. Jan. 14 US$22.60 +0.12 —
Gr. St. $Fd. Dec. 31 US$8.10 ..... —
Merc. Eurobd. Jan. 9 US$10.77 10.88 ..... [illegible]
Merc. My. Mkt. Jan. 14 £11.56 11.57 ..... —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. CI 0534 37217
CMF Ltd. Dec. 27 US$15.01 15.39 ..... 2.21
CMT Ltd. Dec. 27 £14.23 14.59 ..... 2.19
Metal Tst. Jan. 3 £14.74 15.10xd ..... —
SMT Ltd. Jan. 3 £9.98 10.24 ..... —
TMT Jan. 10 US$13.39 13.43 ..... 2.38
TMT Ltd. Jan. 10 £11.86 12.12 ..... [illegible]

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust HK$20.20 20.60 +0.60 —
Wardley Nikko As. Fd. US$[illegible] 26.63 +0.51 —
Wardley Bond Trust US$[illegible] 9.90xd ..... —
Wardley Japan Trust US$[illegible] 10.90 −0.02 —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth. Fd. US$25.08 +0.[illegible] —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. 58.6 59.0xd ..... —

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	46.8	49.4	−0.5	2.02
Abbey Capital	34.4	37.1	−0.4	3.46
Abbey General	44.8	47.9	−1.7	6.14
Abbey Gilt & F.I. Tst.	101.7	106.2	+0.9	4.62
Abbey Income	39.7	42.9	−0.1	8.45
Abbey Intl. Fd. Tst.	34.2	36.7	−0.4	3.57
Abbey Inv. Tst. Fnd.	34.2	37.0	+0.5	5.65
Equitas Prog. Trust	66.5	71.7	−0.4	5.87

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	90.2	94.9		13.38

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	71.9	76.9		6.24
Brit. Inds. Fund	65.8	70.4	+0.1	6.39
Growth & Income	38.7	41.4		6.09
Elect. & Ind. Dev.	35.4	37.9		5.24
Allied Capital	72.0	77.0	−0.1	5.64
Hambro Fund	111.3	119.1	−0.3	6.17
Hambro Acc. Fund	136.3	145.8	−0.9	5.52
Income Funds				
High Yield Fd.	67.6	72.3	+0.3	9.96
High Income	66.4	71.0	+0.1	8.31
A. H. Eq. Inc.	38.2	40.9	+0.1	8.53
International Funds				
International	27.7	29.6		2.71
Pacific Fund	42.9	45.9	+0.2	2.77
Secs. Of America	59.0	63.1	+0.3	2.22
Specialist Funds				
Smaller Co.'s Fd.	45.3	48.5	+0.4	4.85
2nd Smlr. Co's Fd.	54.6	58.4	+0.5	4.42
Recovery Sits.	109.0	116.6	+0.2	6.65
Met. Min. & C'dty.	53.5	57.2	+0.4	5.36
Overseas Earnings	55.1	59.0	−0.1	5.76
Exempt Funds				
Far East Exempt	51.1	53.1	−0.1	3.33
Smaller Co. Exempt	70.2	73.7	+0.8	5.29
U.S.A. Exempt	104.5	108.7	+0.8	3.22

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Jan. 10	183.9	190.0		6.21

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.6		6.24
Gt. Winchester O'Seas	19.6	21.3		2.52

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	69.6	74.8		6.00

Equity & Law Un. Tr. M.▼ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	71.7	75.4	−0.5	5.24

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	25.8	27.2	−0.2	1.0
Fixed Interest	25.0	26.3	+0.5	12.7
Growth + Income	27.8	29.3	+0.1	8.20
Special Sits.	27.0	28.5	+0.3	5.0

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	26.1	28.1		2.22
Accum. Units	31.7	34.1		2.22
J. Finlay High Income	31.8	34.2		9.98
J. Finlay Euro.Fin.	23.4	25.2		3.58
Accum. Units	28.9	31.1		3.58
J. Finlay Fd. In. Tst.	28.9	31.1		5.89
Accum. Units	34.9	37.5		5.89

Prices on Jan. 9. Next dealing Jan. 16.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	53.2	56.4		1.30
American Turnaround	52.6	55.8		2.00
Capital Tst.	50.2	53.4	+0.6	5.08
(Accum. Units)	50.2	53.4	+0.6	5.08
Income Tst.	35.6	37.8	+0.4	8.68
Int. Growth Fd.	42.4	45.0		2.26
(Accum. Units)	44.6	47.4	−0.2	2.26

Friends' Provdt. Unit Tr. Mgrs.▼
Pixham End, Dorking. 0306 5055

Friends Prov. Units	47.0	50.2	−0.1	5.07
Do. Accum.	64.8	69.2		5.07

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Jan. 4	103.4	104.9		5.53
Gross Inc. Jan. 4	69.8	70.5		11.77
High Yield Jan. 4	80.6	82.5		10.42

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.▼

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

NOTES

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	95⅞	Treasury 9pc 1980‡‡	99	+⅛	9.08	15.76
99⅝	95⅛	Treasury 9½pc '80‡‡	98	—	9.68	15.53
97	92¼	Treasury 3½pc '77-80	96⅝	—	3.62	12.02
97⅜	92⅞	Funding 5¼pc '78-80‡‡	96⅞	—	5.42	13.14
103⅝	97½	Exchequer 13pc 1980‡‡	98⅞	−⅛	13.15	14.28
102⅛	95⅜	Treasury 11½pc 1981‡‡	97½	−⅛	11.79	14.24
93¾	88⅞	Treasury 3¼pc 1979-81	92¼xd	—	3.80	11.46
99	92	Treasury 9¾pc 1981‡‡	94¾	—	10.29	14.54
96¾	89½	Exch. 8¼pc 1981	92⅝	—	8.91	14.17
98	91¼	Exch. 9½pc 1981	93⅝xd	—	10.15	14.27
91¼	84¼	Exch. 3pc 1981	88¼xd	+1	3.39	11.08
98	94	Treas. Variable '81§§	96	—	16.88	20.24
104	95	Exch. 12¾pc 1981‡‡	96	−⅛	13.17	14.70
96⅞	87¼	Treas. 8½pc '80-82‡‡	90xd	+⅛	9.40	14.14
89½	82	Treasury 3pc '82‡‡	85½xd	+¼	3.51	10.98
108⅞	97	Treasury 14pc '82‡‡	98⅞	−⅛	14.16	14.57
97¼	92⅝	Treas. Variable '82§§	95	—	17.19	20.43
95¼	85¼	Treasury 8¼pc '82	88⅛	+⅛	9.36	14.11
97¼	85	Exch. 9¼pc 1982	88	+⅛	10.46	14.55
95⅞	84⅝	Exch. 8¾pc 1983	87	+⅛	10.05	14.22
86⅞	76¼	Exch 3pc '83	78½xd	+½	3.82	11.44
104⅜	90⅝	Treasury 12pc 1983‡‡	93¾	+⅛	12.80	14.50
95	90⅛	Treas. Variable '83§§	92	—	17.73	20.59
97¼	82½	Treasury 9¼pc '83	86xd	+⅛	10.66	14.16
98	83½	Exch. 10pc 1983	87	+⅛	11.49	14.42
89½	76	Funding 5½pc '82-84‡‡	78¾	+¼	6.98	12.39
97	86	Exch. 11¼pc 1984	90xd	+⅛	12.50	14.60
97⅝	96½	Exchequer 14pc 1984	97⅝	+¼	14.34	14.76
77¼	69	Exch. 3pc 1984	69⅞xd	—	4.29	11.96
101¼	87¼	Treasury 12pc 1984	90¾	+⅛	13.22	14.76
		Five to Fifteen Years				
103⅜	98⅛	Treasury 15pc 1985	103¼	−⅛	14.85	14.71
110	87½	Exch. 12¼pc 1985	92¾	—	13.48	14.58
95	77¼	Treasury 8½pc '84-86‡‡	81⅝	—	10.43	12.79
112⅛	91	Exch. 13¼pc 1987	94xd	+⅛	14.07	14.59
84⅜	70⅝	Funding 6½pc '85-87‡‡	74⅜	—	8.90	12.18
88⅜	72¼	Treasury 7¾pc '85-88‡‡	74½xd	—	10.37	12.90
70⅜	54¼	Transport 3pc '78-88	58¾	—	5.12	10.50
95⅝	82¼	Treasury 11½pc 1989	89⅜	—	13.39	14.31
73	58¾	Treasury 5pc '86-89	62¼	—	8.13	11.73
113⅜	87⅝	Treasury 13pc 1990‡‡	94xd	—	13.84	14.14
89¼	68⅝	Treasury 8¼pc '87-90‡‡	73⅜	—	11.40	13.19
106⅛	80½	Treasury 11¾pc 1991	87⅛	—	13.52	14.12
72½	58⅜	Funding 5¾pc '87-91‡‡	63	—	9.37	12.13
98⅜	77½	Exch. 11pc 1991	85⅛	+½	13.31	14.04
111⅜	87⅛	Treasury 12¾pc '92‡‡	92¼xd	—	12.79	14.07
94⅛	74¾	Treasury 10pc 1992	77½xd	—	12.80	13.78
107⅜	85¼	Exch. 12¼pc '92	93¾	—	13.78	14.14
110½	83¾	Treasury 12½pc '93‡‡	90½xd	—	13.82	14.11
69⅛	54⅝	Funding 6pc 1993‡‡	60¼	—	10.30	12.42
119¼	90¼	Treasury 13¾pc 1993‡‡	99¼	—	14.14	14.19
121¾	98	Treasury 14½pc '94‡‡	106⅞	—	14.30	14.25
109	86½	Exch. 12½pc 1994	95⅛	—	13.88	14.10
88¼	68	Treasury 9pc '94‡‡	74⅛	—	12.39	13.25
		Over Fifteen Years				
106⅞	82	Treasury 12pc '95	87⅜xd	—	13.69	13.98
51⅞	42	Gas 3pc '90/95	47	—	6.47	—
95⅛	73⅛	Exch. 10¼pc 1995	77⅝xd	—	13.18	13.76
112½	85¼	Treasury 12¼pc '95‡‡	94⅜	—	13.83	13.96
85⅝	68⅛	Treasury 9pc '92/96‡‡	74⅜	—	12.62	13.36
124¼	99¼	Treasury 15¼pc '96‡‡	109⅛	—	14.38	14.27
116¼	89	Exchequer 13¼pc '96‡‡	97⅜	—	13.93	14.00
50⅛	41¾	Redemption 3pc 1986-96	46⅛	—	6.63	9.67
115⅝	89	Treasury 13¼pc '97‡‡	94⅞xd	—	13.93	14.01
95⅝	75	Exchequer 10½pc 1997	77⅞xd	—	13.31	13.73
83⅝	66	Treasury 8¾pc 1997‡‡	73	—	12.55	13.21
68	54⅝	Treasury 6¾pc '95-98‡‡	60¼	—	11.47	12.53
128⅝	103	Treas. 15½pc '98‡‡	112⅜	−⅛	14.38	14.27
108⅝	81⅜	Exch. 12pc 1998	89⅜	—	13.71	13.87
89⅝	67⅞	Treasury 9½pc 1999‡‡	73¾xd	—	12.89	13.33
106⅛	84¼	Exch. 12¼pc 1999	92½	—	13.80	13.93
97⅛	73½	Treasury 10½pc 1999	80⅛	—	13.38	13.69
101½	88⅞	Treas. 14pc '98-01	99¾	−⅜	14.18	14.18
107	81⅜	Exch. 12pc '99-02	87¼xd	—	13.72	13.83
118	91¾	Treas. 13¾pc 2000-03	97⅝xd	—	14.04	14.05
99⅞	91¼	Treas. 13¾pc 2000-03 A	99¼	−⅛	14.03	14.03
97¼	79¼	Treasury 11½pc '01-04	88¼	—	13.61	13.70
42½	32½	Funding 3½pc '99-04	37xd	—	9.46	10.95
111⅛	84	Treasury 12½pc '03-05	92½	—	13.80	13.83
75	60¼	Treasury 8pc '02-06‡‡	66¼	—	12.50	12.76
97¼	80⅜	Treasury 11¾pc 03-07	86½xd	—	13.61	13.67
54	41⅜	Treasury 5½pc '08-12‡‡	46⅝	+¼	11.78	12.07
73⅝	57⅛	Treasury 7¾pc '12-15‡‡	61½xd	—	12.56	12.67
109¾	81½	Exch. 12pc '13-'17	90⅞	—	13.37	13.37
		Undated				
36	28½	Consols 4pc	31⅝xd	+⅜	12.58	—
35⅝	27⅛	War Loan 3½pc‡‡	33¼	+1	10.66	—
39½	33⅜	Conv. 3½pc '61 Aft.	37½	+⅜	9.60	—
27⅛	22	Treasury 3pc 66 Aft.	24¾	+⅛	12.55	—
24¼	19½	Consols 2½pc	22⅜	+⅛	11.21	—
22⅝	18¼	Treasury 2½pc	20½	+⅛	12.65	—

INTERNATIONAL BANK

86	78	5pc Stock '77-82	81½	—	6.13	13.72

CORPORATION LOANS

101	82¼	Bath 11¾pc 1985	89½	+1	12.89	14.55
107¾	86¼	Birm'ham 12½pc 1985	93½	+½	13.57	14.66
99¾	96½	Bristol 13¾pc 1981	98½	—	13.96	15.18
110¼	88¾	Burnley 13pc 1987	93½	—	14.12	14.81
100	81	Cardiff 11pc 1986	88	+½	12.85	14.39
103½	93	G.L.C. 12½pc '82	95	—	13.15	15.07
104¼	89	Do. 12½pc 1983	93¼	+¼	13.41	15.02
95	84	Glasgow 9¼pc '80-82	86½	—	10.69	15.28
78½	64½	Herts 6½pc 1985-87	69xd	+¾	9.72	13.29
98	81	Liverpool 9¾pc '80-84	83¼	+½	11.71	15.14
30	23	Do. 3½pc Irred.	26xd	+½	13.73	—
106	92	Lon. Corp. 13¼pc '83	94¾	+¼	13.97	15.07
95½	81	Do. 9½pc '84-85	85	—	11.23	13.79
84	71	L.C.C. 5½pc '82-84	71½xd	—	7.69	14.30
74½	59	Do. 5½pc '85-87	64½	+½	8.59	13.26
74	59	Do 6¾pc '88-90	64½xd	+½	10.46	13.06
26	20¼	Do. 3pc '20 Aft.	22¾	+¼	13.58	—
99¾	93	Newcastle 9¼pc '78-80	96	+⅛	9.64	15.82
105½	85¾	Sunderland 12¾pc 1984	90	—	13.63	15.23

COMMONWEALTH & AFRICAN LOANS

88	81	Aust. 5½pc '81-82	84¼	—	6.66	14.99
84	74½	Do. 6pc 1981-83	77¼	+¼	7.85	14.05
71½	58	N.Z. 7¼pc 1988-92	59¾xd	—	12.29	14.43
84¾	71	Do. 7½pc '83-86	73½	+¼	10.29	14.03
95	84¼	Sth. Africa 9½pc '79-81	91	—	10.67	16.74
120	43	Sth. Rhod. 2½pc '65-70	120	—	10.70	16.66
152	81	Do. 6pc '78-81	138	—	—	—

LOANS

Public Board and Ind.

66¾	56	Agric. Mt. 5pc '59-89	58½xd	+½	8.57	12.68
92	72½	Alcan 10½pc '89-94	75	—	15.50	16.30
30½	24½	Met. Wtr. 3pc 'B'	28¼	+1¼	10.98	12.96
129	97	U.S.M.C. 9pc 1982	100	+1	9.12	—
95	81	Do. without Warrants	86	—	10.63	16.80

Financial

103¾	96	FFI 13pc 1981	98¼	+¼	13.23	14.85
108¼	94	Do. 14pc '83	96¼	+½	14.54	15.27
86½	77½	ICFC 5½pc Deb. '80-82	84	+1	6.68	13.56
85	69	Do. 6¼pcDb. '81-84	74	+½	8.59	14.00
99	79½	Do. 10½pc Uns.Ln. '86	84xd	+1½	12.50	14.60
99	77	Do. 11pc Uns.Ln. '88	82½xd	+1	13.40	14.40
101½	80	Do. 11¾pc Uns.Ln. '90	83½xd	+½	14.07	15.00
72½	54½	Do. 7¼pcADeb. '89-92	58½	+½	12.66	14.70
69	51½	Do. 7¼pcA Db. '91-94	59	+½	12.86	14.50
69	64	Do. 9pc 'A' '91-94	69	+1½	13.68	14.80
78½	61	Do. 8⅞pcLn. '92-97	62½xd	+½	14.20	14.80
102	85	Do. 12½pc Uns. Ln. 1992	92	+2½	14.08	—

FOREIGN BONDS & RAILS

1979-80 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
53	22	Antofagasta Rly.	53	+5	—	—
52	37	Do. 5pc Pref.	50xd	—	—	—
98	98	Chilean Mixed	98	—	—	3.39
65	18	Chinese 4½pc 1898	57	—	—	—
50	21	Do. 5pc 1912	44	—	—	—
28	13	Do. 5pc 1913	22	+1	—	—
27	10	Do. 5pc 1925 Boxer	17½	—	—	—
430	400	German Yng. 4½pc.	425xd	—	4½	—
52	35	Greek 7pc Ass.	35	—	3½	10.52
51	34	Do 6pc 28 Stab. Ass.	35	—	6	10.88
42	32	Do 4pc Mixed Ass.	34	—	4	7.28
54	42	Hung. '24 Ass.	53	—	—	5.33
68	60	Iceland 6½pc '83-88	65	—	—	13.00
90½	78½	Ireland 7½pc '81-83	81xd	+½	7½	14.68
87½	69	Do 9¾pc '91-96	75	+½	9¾	14.28
390	220	Japan 4pc '10 Ass.	235xd	—	—	—
73	62	Do 6pc '83-88	68xd	—	6	8.82
160	135	Peru Ass. 3pc	155	—	3	2.00
$90	$75	S.G.I. 6½pc 1980	$90	—	6½	7.22
$94½	$92	Turin 9pc 1991	$92	—	9	9.78
DM92	DM91	Turin 6½pc 1984	DM92	—	6½	8.85
97	95	Uruguay 3½pc	96	—	3½	3.80

AMERICANS

1979-80 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
21⅝	11¾	ASA	21⅝	+1	$2.40	—	5.0
59	30	AMF 5% Conv. '87	30	—	5%	—	f9.9
21¾	14⅝	Abbott Labs.‖	18⅛xd	−¼	$1.00	—	—
25⅜	17	Amax $1	22¾	+1¼	$2.40	—	4.8
23½	13⅛	American Express	14½xd	—	$1.80	—	5.6
19½	10½	American Medical Int.	15xd	−⅛	80c	—	2.4
22	847p	Asarco Inc.	22	+2	$1.50	—	3.1
27¼	19¾	Baker Intnl. Corp. $1	25⅛	−½	60c	—	1.1
12⅛	725p	Barnes Grp. $6⅔	810p	—	$0.66	—	3.7
29⅜	16⅝	Bendix Corp. $5	23⅛xd	+⅝	$2.84	—	5.5
17¾	905p	Beth. Steel $8	10¼	−⅛	$1.60	—	6.8
13	583p	Brown'g Fer. c16⅔	731pxd	+2	70c	—	4.3
11	503p	Brunswick Corpn.‖	589p	−2	80c	—	6.2
39⅜	27½	Burroughs Corp. $5	36¼xd	−¾	$2.20	—	2.8
41⅞	21⅛	CBS $2.50	23⅛	−¼	$2.60	—	5.1
38	24⅛	C.P.C. $½	27⅜	−½	$3.0	—	0.0
46⅛	23⅛	Caterpillar‖	24	—	$2.10	—	4.0
23¾	16⅛	Chase M'htn. $12.5	17¼xd	−⅛	$2.40	—	6.3
999p	921p	Chesebrough $1	959p	−40	$1.08	—	5.1
847p	265p	Chrysler $6¼	365p	+1	†40c	—	‡
19⅝	948p	Citicorp $4	10¼	−¼	$1.30	—	5.8
11½	762p	City Inv. $1.25	774pxd	−4	$1.20	—	7.0
18½	11⅝	Do. Cm. Prf. B $1	11⅞	−⅛	$2.0	—	7.6
14⅝	604p	Colgate-P. $1	604p	−20	$1.08	—	8.1
28¼	19¼	Colt Inds. $1	20⅜xd	−⅜	$2.50	—	5.5
23⅜	17½	Conoco	20¼	−¼	$1.7	—	3.7
20⅞	11½	Cont. Illinois $10	12½xd	—	$1.60	—	5.8
25¼	16⅜	Crown Zell. $5	20¼xd	−¼	$2.10	—	4.7
18½	10⅞	Eaton Crp. $0.50	11⅞	—	$2.58	—	10.2
19⅝	11	Esmark	12¼xd	−⅜	$1.84	—	6.8
38⅞	23⅛	Exxon‖	23⅛	—	$4.40	—	8.6
10⅓	376p	Firestone Tire‖	420pxd	+17	60c	—	6.4
13⅞	654p	First Chicago	654p	−19	$1.20	—	8.4
25¼	15	Fluor Corp. $⅝	23⅛xd	−⅛	$1.20	—	2.3
32	13¾	Ford Motor $2	14¼	+⅛	$4.00	—	12.5
23⅛	13⅞	GATX	15¾xd	−⅝	$2.0	—	5.7
37⅛	20¾	Gen. Elect. $2½	23⅝xd	−⅜	$2.60	—	4.9
20⅛	11⅛	Gillette $1	11¼	—	$1.72	—	6.9
55⅛	30⅞	Honeywell $1.50	37½	−½	$2.60	—	3.1
13	780p	Hutton E.F.	11½	+¾	¶80c	—	3.9
54	27⅞	I.B.M. Corp. $1.25	29⅛	−¼	$3.44	—	5.3
37¾	22⅞	Ingersoll-R $2	23⅝	+½	$3.16	—	6.1
854p	467p	I. U. International‖	480p	−5	95c	—	8.9
14½	823p	Kaiser Al. $⅓	992p	−20	$1.20	—	1.4
25⅝	12¼	Louisiana Land $0.15	21⅞xd	—	$1.48	—	3.0
24½	13⅝	Manf. Han. US$7.50	14½xd	−⅛	$2.52	—	8.0
36⅛	20⅛	Morgan (JP) US$2.5	20⅛	—	$2.50	—	5.6
12⅞	667p	Norton Simon Inc. $1	676p	−14	$1.04	—	6.9
14¾	853p	Owens-Ill. $3.125	916p	−11	$1.26	—	6.2
18⅝	11	Quaker Oats US$5	12½xd	—	$1.40	—	5.1
28¼	19¼	Reliance $0.25	25⅞	−½	$2.00	—	—
27	16¼	Rep. N.Y. Corp. $5	22⅞xd	—	$2.00	—	3.9
14¼	706p	Rexnord $5	747p	+13	96c	—	5.8
18	10⅛	Richdsn.-Mrrll. $1¼	10¼	−⅛	$1.20	—	5.0
24⅝	17¼	Rockwell Int.	24xd	−⅜	$2.60	—	4.9
528p	299p	Saul (B. F.) $1	349p	+7	—	—	—
26⅞	18¼	Shell Oil $1	24⅞	+¼	$2.40	—	4.4
929p	351p	Singer ($10)	452p	+38	40c	—	4.0
36⅛	20¼	Sperry Corp. $0.50	24xd	−¼	$1.56	—	2.9
27¼	16⅛	TRW Inc. $1¼	19¼	−⅛	$2.00	—	4.7
23⅜	16	Tenneco	17½	—	$2.40	—	6.1
152	127	Do. 10% Ln. Stk. 91-95	136xd	−1	10%	—	f7.4
942p	541p	Tesoro Pt. US$0.16⅔	823p	+1	—	—	—
19⅛	12¼	Texaco $6.25	13⅜	+1	$2.16	—	7.2
32½	18¾	Time Inc.	21¾xd	−¼	$1.66	—	3.5
981p	731p	Transamerica $1	747p	−9	$1.12	—	6.7
29⅞	16⅞	Utd. Tech. $US5	21⅜	—	$2.20	—	4.6
19⅛	775p	U.S. Steel $1	905p	−6	$1.60	—	8.1
17⅞	10⅝	Woolworths $3½	10¾	−⅛	$1.60	—	6.8
44½	26⅛	Xerox Corp. $1	27¾xd	−½	$2.40	—	3.9
13¼	775p	Zapata Corp. 25c	12½xd	—	30c	—	1.1

CANADIANS

16⅞	860p	Bk. Montreal $2	970p	—	$1.48	—	5.8
15½	840p	Bk. Nova Scot.	900pxd	—	$1.32	—	5.5
13⅛	750p	Bell Canada $8⅓	770p	−20	$1.64	—	8.1
18⅞	10⅞	Bow Valley‖	15½xd	−⅛	h10c	—	0.3
12½	525p	Brascan‖	860p	−15	♦$1.20	—	5.3
19⅝	930p	Can. Imp. Bk. $2	980pxd	—	$1.80	—	6.9
17	12	Can. Pacific $5	15xd	—	$1.80	—	4.4
33¼	28	Do. 4pc Deb. £100	30¼	—	4%	—	13.2
48¼	21¼	Gulf Oil Can.‖	43⅞	−⅞	$1.60	—	1.4
790p	450p	Hawker Sid. Can.‖	610p	−20	80c	—	5.0
26⅞	16½	Hollinger $5	19⅞	—	s$2.20	—	4.2
17⅝	895p	Hudson's Bay‖	960pxd	—	♦$1.10	—	4.3
41¼	27½	Hud. B. Oil G. $2½	37⅝xd	−⅝	$2.30	—	2.3
20	13⅜	Imperial Oil‖	15	−⅞	$1.20	—	3.1
15⅝	820p	Inco	12½	+¾	50c	—	1.5
740p	475p	Inl. Nat. Gas $1	495p	—	90c	—	6.9
800p	390p	Massey Ferg.‖	445p	−10	—	—	—
202p	103p	Place Gas $1	135p	—	—	—	—
24¼	10¼	Rio Algom	13⅛	—	$1.50	—	4.4
26⅞	14⅛	Royal Bk. Can. $2	15⅞	—	$2.40	—	6.0
22	13	Seagram Co. C$1	19xd	—	$US1.10	—	2.5
14½	840p	Tor. Dom. Bk. $1	920pxd	—	$1.36	—	5.6
11⅞	850p	Trans Can. Pipe	10⅛	−⅛	$1.16	—	4.4

BANKS AND HIRE PURCHASE

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
288	183	ANZ $A1	208	—	Q22c	ф	5.5	ф
290	180	Alexanders D. £1	188	+3	16.0	—	12.2	—
£151	£70½	Algemene Fl.100	£70½	−2	Q25%	2.1	7.9	6.0
400	270	Allen Harvey £1	325	—	21.44	—	9.4	—
148	100	Allied Irish	110	—	h08.09	—	7.1	—
16¾	12	Ansbacher (H.) 5p	13¼	—	—	—	—	—
190	140	Arbuthnot L. £1	190	+2	†10.42	—	9.3	—
435	302½	Bk. Ireland £1	325	—	Q25.0	—	7.5	—
£195	£138	Do. 10pc Conv.	£146	—	Q10%	—	f7.0	—
14	7	Bk. Leumi I£1	8	—	Q16%	—	2.5	—
157	100	Bk. Leumi (UK) £1	100	—	N8.57	—	12.2	—
234	134	Bk. N.S.W. $A1	146	+2	Q18c	3.0	6.3	5.3
352	240	Bank Scotland £1	290	−5	†12.25	5.0	6.0	4.4
£25¾	£17⅝	Bankers N.Y. $10	£18⅞	—	Q$3.30	—	7.9	—
514	360	Barclays £1	412	—	$16.5	6.2	5.7	3.5
286	230	Brown Shipley £1	276	+1	†13.0	—	6.7	—
375	250	Cater Ryder £1	300	+2	18.88	—	9.0	—
110	59	Clive Dis'nt 20p	78	+1	5.33	—	9.8	—
224	121	Com'l Aus. ($A1)	131	—	Q18c	3.0	7.0	4.7
£17	900	Com'zbk DM 10	980xd	—	Q26.69%	—	7.7	—
£18½	900	C'hgn. Hbk. Kr100	975	—	Q12%	—	11.4	—
41	20	Corinthian 10p	37	—	†1.05	5.9	4.1	4.3
£24¾	£15	Cred. France F75	£18⅛	—	Q9.87%	—	3.6	—
11	5	Dawes (G. R.)	10	—	—	—	—	—
£119½	£62½	Deutsche Bank DM50	£65¼	—	Q28.12%	—	5.6	—
90	55	F. C. Finance	62	−3	2.2	4.9	5.1	5.7
13½	5¼	First Nat. 10p	13	−½	—	—	—	ф
4	1½	Do. Wrrts. 75-83	2¾	—	—	—	—	—
266	178	Gerrard Natnl.	222	+2	†9.12	—	5.9	—
75	38	Gibbs (A.)	74	−1	2.2	—	4.2	—
270	185	Gillett Bros. £1	193	+1	†16.95	—	12.5	—

BANKS & HP—Continued

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CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
340	97	Coronation	340	+40	Q54c	2.2	9.1
600	132	Falcon Rh.50c	600	+30	Q100c	ϕ	11.5
48	11	Rhod'n Corp. 16²₃p	42	......	0.56	6.5	1.9
260	70	Roan Cons. K4	235	−5	Q0.125	ϕ	3.2
67	26	Wankie Col. Rh.1	62	+2	Q9c	1.5	10.0
57	9	Zam.Cpr.SBD0.24	51	−2	—	—	—

AUSTRALIAN

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	25	......	—	—	—
17	4	ACM 20c	15	+1	—	—	—
82	50	Bond Corp.	80	......	Q3.75	2.2	2.4
171	100	Bougainville 50 Toea	147	......	†Q15c	1.0	5.3
237	84	BH South 50c	237	+1	←	—	—
£22¼	340	Central Pacific	£22	−¼	—	—	—
318	170	Conzinc Riotinto 50c.	284	−16	NQ10c	2.0	1.8
36	14	Cultus Pacific N.L.	18	......	—	—	—
*42	2½	Eagle Corp. 10c	42	+2	—	—	—
21½	11	Endeavour 20c	20	......	—	—	—
204	62	G. M. Kalgoorlie 25c	204	+2	Q3c	—	0.8
305	148	Hamptn Areas 5p.	275xd	......	3.5	2.8	1.8
75	20	Haoma Gold N.L.	34	+1	—	—	—
71½	25	Metals Ex. 50c	45	−1	—	—	—
260	134	M.I.M. Hldgs. 50c	256	−4	‡Q16.1c	1.8	3.3
25	15	Minefields Expl.	20	......	—	—	—
78	30	Mount Lyell 25c	70	+2	—	—	—
44	13	Newmetal 20c	24	−4	—	—	—
167	91	††North B. Hill 50c.	152	−1	Q12c	1.4	4.0
53	4½	Nth. Kalgurli	50	+2	—	—	—
165	45	Nth. Mining Corp.	143	−11	—	—	—
71	18	N. West Mining N.L.	28	......	—	—	—
193	76	Oakbridge SA1	182	......	Q12c	4.7	3.4
112	22	Oilmin N. L.	112	+2	—	—	—
134	58	Pacific Copper	128	......	—	—	—
*585	101	Pancont'l 25c	370	+15	—	—	—
*60½	2	Paringa M.&Ex.5p	59xr	−1½	—	—	—
450	248½	Peko-Wallsend 50c.	415	−15	‡Q17.5c	ϕ	2.2
217	125	Seltrust A	214	−3	—	—	—
820	145	Southern Pacific	815	−5	—	—	—
*52	8½	Swan Resources 20c.	50	−2	—	—	—
16	12	West Coast 25c	13	......	—	—	—
205	121	Westn. Mining 50c.	205	......	Q7c	1.6	1.8
28	6	Westmex	28	......	—	—	—
70	40	Whim Creek 20c	70	+8	—	—	—
25	10½	York Resources	10½	......	—	—	—

TINS

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	1.0	1.9	5.3
435	265	Ayer Hitam $M1.	295	......	Q290c	0.9	20.0
72	48	Beralt Tin	48	......	4.5	ϕ	13.4
270	155	Berjuntai $M1	170	......	Q95c	1.0	11.8
190	125	Geevor	155	......	8.71	3.1	8.0
10½	8	Gold & Base 12½p.	10	......	—	—	—
365	295	Gopeng Cons.	335	+20	Z17.0	ϕ	7.2
370	289	Hongkong	300	......	35.87	ϕ	17.1
98	64	Idris 10p	90	......	†8.0	1.6	12.7
15	9½	Jantar 12½p	15	......	—	—	—
95	38	Kamunting $M0.50.	65	......	Q47½c	1.1	16.4
620	210	Killinghall $M1	300	......	Z060c	—	4.1
565	365	Malay Dredging $M1	565	+10	†Q105c	2.6	3.8
57	26	Pahang	27	......	0.44	0.3	2.4
123	60	Pengkalen 10p	105	−3	Z4.0	ϕ	5.4
275	195	Petaling $M1	230	......	Q150c	ϕ	13.3
87	53	Saint Piran	60	......	‡2.5	6.4	‡
58	34	South Crofty 10p.	39	−2	‡3.0	2.0	‡
230	170	South Kinta $M0.50.	205	+10	Q150c	1.0	14.9
430	285	Sthn Malayan $M1.	370	+5	Q175c	2.1	9.6
310	210	Sungei Besi $M1.	230	......	†Q520c	1.0	46.0
75	25	Supreme Corp. $M1.	28	......	Z010c	—	7.3
105	93	Tanjong 15p	97	......	7.5	0.7	11.0
115	90	Tongkah H. Tin	95	......	Q45c	1.3	10.6
280	190	Tronoh $M1	235	+10	†Q25c	5.2	2.2

COPPER

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
157	56	Messina R0.50	157	+5	Q10c	ϕ	3.6

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	62	......	—	—	—
14½	10	Burma Mines 17½p	12	......	—	—	—
400	170	Cons. Murch. 10c.	400	+20	Q100c	ϕ	14.3
585	280	Northgate C$1	585	+135	—	—	—
362	226	R.T.Z.	357	−3	†11.5	3.4	4.6
31	12	Robert Mines	23	+1	—	—	—
65	26	Sabina Inds. C$1.	36	......	—	—	—
880	470	Tara Exptn. $1	540	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- ▪ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♠ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Bertam	16	......
Bdg'wtr. Est. 50p	360	+5
Clover Croft	47	+3
Craig & Rose £1	£10½	......
Dyson (R. A.) A	9	......
Fife Forge	39	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	825	......
Higsons Brew.	82	−3
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	162	......
Pearce (C. H.)	360	......
Peel Mills	30	......
Sheff. Refrshmt	98	......
Sindall (Wm.)	165	......

IRISH

Conv. 9% '80/82	£85¹¹⁄₁₆	......
Nat. 9¾% 84/89	£70¼	......
Fin. 13% 97/02	£84⅜	+⅜
Alliance Gas	67	+1
Arnott	340	......
Carroll (P. J.)	53	......
Clondalkin	85	......
Concrete Prods.	80xd	−3½
Heiton (Hldgs.)	32	......
Ins. Corp.	200	......
Irish Ropes	66	......
Jacob	33	......
T.M.G.	135	......
Unidare	80	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	8
BOC Intl.	6
B.S.R.	5
Babcock	12
Barclays Bank	30
Beecham	13
Blue Circle	25
Boots	17
Bowaters	16
B.A.T.	25
Brown (J.)	7
Burton 'A'	22
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	21
Dunlop	5½
Eagle Star	14
E.M.I.	12
Gen. Accident	21
Gen. Electric	30
Glaxo	40
Grand Met.	12
G.U.S. 'A'	38
Guardian	23
G.K.N.	22
Hawker Sidd.	16
House of Fraser	12
I.C.I.	22
"Imps"	7
I.C.L.	45
Inveresk	5
KCA	3½
Ladbroke	15
Legal & Gen.	14
Lex Service	10
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lonrho	9
Lucas Inds.	20
"Mams"	14
Mrks. & Spncr	9
Midland Bank	30
N.E.I.	5
Nat. West. Bank	32
P & O Dfd.	9
Plessey	10
Racal Elect.	20
R.H.M.	4½
Rank Org.	18
Reed Intnl.	17
Sears	5½
Spillers	4½
Tesco	7
Thorn	25
Trust Houses	14
Tube Invest.	27
Unilever	40
U.D.T.	4
Utd. Drapery	9
Vickers	14
Woolworths	6½

Property

Brit. Land	7
Cap. Counties	9
Land Secs.	25
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Brit. Petroleum	28
Burmah Oil	15
Charterhall	6½
Premier	4½
Shell	28
Ultramar	32

Mines

Charter Cons.	28
Cons. Gold	40
Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday January 16 1980

POSTAL WORKERS OFFERED NEW DEAL

Plan for shorter work week

BY NICK GARNETT, LABOUR STAFF

THE POST OFFICE has offered to reduce the working week for its postal service workforce by at least two hours next year linked to a wide-ranging productivity package it hopes to implement this year.

The productivity package, which has been discussed with union negotiators for some months, will be put to a special delegate conference of the Union of Post Office Workers on March 17-18.

A union report says it has not been possible to secure an immediate reduction of three hours in the working week which had been a conference demand. Mr. Norman Stagg, the union's assistant general secretary, said, however, that the Post Office had given what it said was a "firm commitment" to at least a two-hour reduction in working hours next year "at minimum cost."

Postal workers work a gross 43-hour week, including lunch periods for which they are paid.

The outcome of the Post Office's discussions on productivity could have a crucial impact on the review the Government has ordered into the Post Office's postal monopoly.

Sir Keith Joseph, the Industry Secretary, has given a veiled warning that the monopoly could be under threat if the corporation does not improve its productivity.

Negotiations with union officials have centred on the use of a form of casual labour in summer, shortening the qualifying period for postmen lower grade to become sorters and the setting up of a type of postal cadet force through a new apprenticeship scheme. This element is designed to improve recruitment of school-leavers.

There has been agreement from union negotiators on some of these points. Union officials are optimistic that pay increases attached to some of these changes will prove acceptable.

Changes in the qualifying period for sorters—from the present two years to six months with a reduction in minimum age to 18—are linked to significant improvements in pay differentials for sorters. Management is also proposing increasing pay supplements for staff working unsocial weekday shifts.

BSC reshape provides for break-up

BY ROY HODSON

BRITISH STEEL is being reshaped rapidly into a form suitable for the possible breaking-up of the nationalised business by the Government and the sale of parts of it to private enterprise.

The decentralisation of the British Steel Corporation into largely autonomous production and sales groups will take an important step forward next month—whether the strike continues or not—with the creation of a £700m annual turnover business employing 26,000 people called BSC Holdings.

The corporation's big tinplate interests in Wales, which are a good money-earner and which are contributing nearly £400m a year in sales, will be the mainstay of the new business.

But Mr. D. B. Bray, the new group managing director, is expected to have his headquarters in Sheffield. He is already there, putting together other component parts of the new business, including the corporation's modern stainless steel plants, forges, foundries and engineering works, the profitable rails plant in Cumbria, and plants making light products.

The parts of British Steel now being assembled by Mr Bray into a single operating group include many of the activities of the corporation which would be attractive to potential private sector investors.

In the event of the complete or partial dismantling of the British Steel Corporation in the difficult period after the ending of the strike, the Government could offer BSC Holdings to private investors as a tempting slice of the business.

The board of British Steel is giving high priority to the restructuring of the corporation in spite of the strike and is being encouraged to do so by the Government.

After boardroom disagreements last year about the future structure of British Steel, a compromise was reached which is understood to have the support of all board members. Decentralisation is to be achieved by splitting the £3bn-a-year turnover business into three—possibly more—powerful and largely independent groups.

The intention is that the central management function of BSC headquarters be reduced to a few functions necessary for the proper co-ordination of the business. BSC headquarters may eventually be moved out of central London.

Shortly before the steel strike Sir Charles Villiers, BSC chairman, announced the formation of the first of the new decentralised groups. Called BSC Yorkshire and Humberside, it has a turnover of more than £1bn a year.

In size and in spread of steel-making activities it looks remarkably like the old United Steels Company that was nationalised, with bulk steel-making in the Sheffield area and at Scunthorpe.

Both the new groups are to start in business on February 1 whether or not the steel strike is still on.

Thatcher jeered over EEC Budget stance

BY PHILIP RAWSTORNE

Mrs. Margaret Thatcher, the Prime Minister, was jeered by Labour MPs in the Commons yesterday when she confirmed that the Government was seeking "a genuine compromise" with other EEC members over Britain's Budget contribution.

Some Tory backbenchers also showed concern over the Government's more conciliatory approach.

Mr. Nicholas Winterton, Conservative MP for Macclesfield, reminded the Prime Minister that she had the support of the "vast majority of the British people in demanding justice from the EEC."

Mr. Tony Marlow, Conservative MP for Northampton North, later secured, by 170 votes to 47, the introduction of a private member's Bill giving Parliament the right to set Britain's annual contribution to the EEC Budget.

The measure has no chance of getting through the Commons but was supported by many prominent Tory MPs as a clear warning to the Government.

Mrs. Thatcher, under pressure from Labour MPs, seemed less than confident about the prospects of a special EEC summit being called next month to resolve the Budget issue.

Questioned by Mr. Peter Shore, Labour's foreign affairs spokesman, the Prime Minister denied that she had abandoned her objective of a "broad balance" in Britain's EEC payments and receipts.

Gilmour refuses to be specific on budget, Page 2

Changes in executive of Bank imminent

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MAJOR changes are imminent among the executive directors and senior officials who run the Bank of England. An announcement is expected this week, possibly today.

The moves will involve the first extensive change in the team which has been at the top of the Bank under Mr. Gordon Richardson, the Governor, since 1973.

The announcement is expected to cover changes in structure as well as promotions for certain senior officials.

The expectation is that Sir Jasper Hollom, the deputy governor, will not seek another five-year term after 10 years in the post. He may, however, continue to be involved with the Bank at a senior level.

The changes could involve slightly different responsibilities for existing executive directors, including Mr. John Fforde and Mr. "Kit" McMahon on the home and overseas sides respectively.

Organisational changes may affect the economics side of the Bank following the arrival this month of Mr. John Flemming from Oxford as a special economics adviser.

The economics work of the Bank is run by Mr. Christopher Dow, an executive director whose present term runs out in a year's time when he will be 65.

There are six executive directors of the Bank, including the governor and his deputy, out of a total of 18. This group takes all the main day-to-day decisions. The governor and his deputy have five-year appointments—made by the Queen on the advice of the Prime Minister. The other executive directors serve four-year terms.

Mrs. Thatcher is believed to have taken a close interest in the changes

Rhodesia ceasefire progress defended

By Bridget Bloom in Salisbury

THE MONTH OLD British administration in Rhodesia yesterday made a major effort to rebut growing criticism that its implementation of the Lancaster House agreements has not been impartial.

Mr. Nicholas Fenn, spokesman for the governor, Lord Soames, claimed that in the three-and-a-half weeks since the agreements were signed "formidable progress" had been rgistered, and "giant" strides made in the successful enforcement of the ceasefire.

But Mr. Fenn castigated ZANLA, the armed wing of the party led by Mr. Robert Mugabe, for violating the ceasefire agreement, by infiltrating men across the border from Mozambique and by failing to send all armed guerrillas to the assembly camps.

Over the last ten days Lord Soames' tiny British administration has been accused by a number of African and Commonwealth governments, as well as by the Patriotic Front, of favouring the existing administration and the party led by Bishop Abel Muzorewa.

Ceasefire resting on fragile trust, Page 3
Editorial comment, Page 16

Government House here, and presumably the Government in London, is clear angered by these criticims. In an effort to deflect them, Mr. Fenn's statement detailed and rebutted criticisms which have come not only from Patriotic Front supporters but also from the Rhodesians.

The latter have included complaints that Lord Soames should not have authorised the use of a monitoring force helicopter to transport Mr. Joshua Nkomo, joint leader of the Front, to a rally last Sunday. Mr. Fenn replied that this was done for overriding security reasons.

But Mr. Fenn maintained the British position that the stationing of South African trops at Beit Bridge which links South Africa with Rhodesia, was a "single exception" to the Lancaster House undertakings that no foreign forces should be involved in Rhodesia. It was "preposterous" to suggest that this could influence voters.

Mr. Fenn listed five main areas of achievement. Under the ceasefire he said more than 21,000 guerrillas had entered the assembly camps, good working relations had been established with and between the commanders of the rival forces and ceasefire violations were continuing to decline.

Border posts, including the road link at Chirundu with Zambia, were not only patrolled but open to civilian traffic, Mr. Fenn said. Mozambique and Zambia had liaison offices in Salisbury.

The U.S., South Africa and Australia were already represented, while France, Germany, Italy, Greece, Portugal, Switzerland and the Netherlands would be soon.

A further indication of the degree to which British officials are not in complete control came at yesterday's Press conference when Mr. Bill Ferris, the Rhodesian director of information, announced that journalists would be invited to interview 47 Mozambique soldiers presently in a camp in Eastern Rhodesia. Mr. Fenn, who is in overall charge of information here, admitted that he knew nothing of the trip.

Continued from Page 1

Deficit

foreign oil companies, higher travel expenditure overseas and increased payments to the EEC.

There are big differences between economic forecasters about the current account prospects for this year. The Treasury has projected a £2bn deficit but some prominent private sector forecasters believe the outcome could be nearer balance, or even a small surplus, depending in the main on whether the recession and the possible cut in stock levels results in a fall in import value.

There is nothing in the recent months' figures to give a clear lead. After excluding erratic items, such as precious stones and ships and aircraft, import volume was unchanged between the third and fourth quarters of the year, but export volume on the same basis was 1½ per cent lower. This reflected, in particular, the sharp fall in exports in October.

The terms of trade—the ratio of export to import prices—have continued to decline and in the fourth quarter were 2 per cent below the level in the previous three months. This partly reflected a lower average rate of sterling.

THE LEX COLUMN

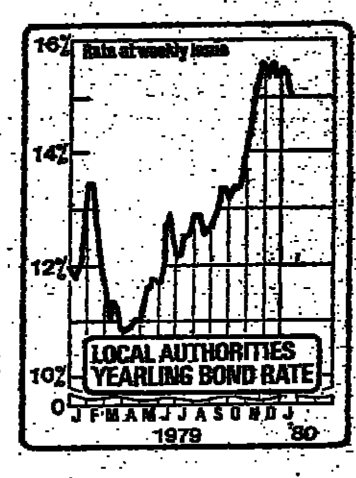
Undeterred by tight money

After Monday's advance it was only to be expected that the Stock Market should be in a more sober mood yesterday, but the buyers are still around, and around half the early falls in equities were recovered by the close. In gilt-edged, it was the turn of the short-dated stocks to show strength — no mean achievement when money was so tight that the overnight interbank rate touched 70 per cent at one stage.

The encouraging corollary of this tightness is that the long-awaited tax payments now seem to be rolling into the Exchequer satisfactorily. Today's release of nearly £1bn of special deposits will be immediately swallowed up as the discount market repays loans to the Bank of England.

The December trade returns were perfectly acceptable to the market, even though there was nothing to suggest that imports of consumer goods were on the decline. This is something that buyers of both gilt-edged and equities will be anxious to see happening as 1980 progresses, but the present strength of sterling makes it rather less likely.

Index fell 4.1 to 441.7



Hill Samuel

Only a few weeks after Kleinwort Benson's purchase of a majority stake in a Bremen-based bank, Hill Samuel is making its exit from Germany through the other side of the revolving door. Its Frankfurt venture, set up in 1968, has never been entirely successful in any of its activities—lending, corporate finance and investment management.

The domination of the German stockmarkets by the big local banks made it very difficult for Hill Samuel to secure a foothold, and it gave up its seat on the Frankfurt Bourse some time ago. Also, corporate lending has suffered from lower margins as the economy has slowed and the Laenderbanken have begun to deploy their large deposits aggressively. In this sort of competitive atmosphere a foreign bank without access to a retail deposit base is poorly placed—presumably Crédit Commercial de France, which is taking over 80 per cent of Hill Samuel's German interests, is prepared to put in a lot of capital.

Things can never be quite the same once you have sued the central bank of a country in which you operate, as Hill Samuel sued the Bundesbank over the Herstatt affair, and this may have been another consideration behind the withdrawal. Normally banks are too reluctant to admit that a foreign venture has not paid off—it certainly looks as though Hill Samuel should be able to employ its capital more profitably elsewhere, probably in Australia.

The most successful part of its German business was the Hamburg end, dealing in documentary credits and other trade financing. Much of Kleinwort's business in Bremen will fall into this sort of category; for the rest, Kleinwort is likely to tread carefully in the domestic lending business, except with subsidiaries of its non-German customers. Its decision to base its operation outside Frankfurt and to take over an existing bank also seem to have been influenced by Hill Samuel's unhappy experience.

SGB Group

Pre-tax profits at SGB Group have risen from £10.7m to £14.5m in the year to September, with strong growth in all four of the major UK operating divsions and a further improvement in trading margins. Nevertheless, yesterday the share price was unable to hold its own against the general decline in the stock market and closed 4p lower at 234p.

Scaffolding, which still represents 45 per cent of the group's total business in the UK, showed profits growth of about 50 per cent. High utilisation rates in the repair and maintenance industry have brought improved margins, while the Cuplok system helped push up the group's market share further.

Two recent acquisitions are now showing solid improvements, with the Lomount opencast coal-mining operation and the HSS hire group contributing about £2.7m between them. By contrast, profits of the overseas operations were static at about £1.4m after additional provisions.

There are some doubts about whether this strong overall performance can be repeated in the current year. While repair and maintenance is still buoyant, the building recession is likely to dampen growth later on. But even given a static second half for SGB, a good first-half performance could push full-year pre-tax profits up to about £17m. Given the group's conservative depreciation policy, it must be one of the better defensive stocks in the sector.

However, the 29 per cent dividend increase at the gross level was well below the hopes of some of the more optimistic investors, even though the dividend cover does not appear excessive. A prospective fully taxed p/e multiple of 6.5 to 7 is not over-demanding, but the 5 per cent historic yield puts a heavy emphasis on continued growth.

Consolidated Gold

Consolidated Gold Fields has been talking for some time about its diversification plans, and it is now putting its money where its mouth is. The objective is to build up its strength in areas of specialist manufacturing, and a £24m bid for some subsidiaries of Texas International Company shows what it has in mind. Over four fifths of the proposed acquisition is represented by an oil and natural gas rig manufacturer, which together with an existing business in the same field will give Consolidated Gold an important share of this market in North America. The group is seeking decent shares of other engineering markets which do not expose it to high technology or rapidly changing fashions, and other bids are likely to follow in the fairly near future in the U.S. and Europe.

Capital employed outside South Africa already amounts to well over £400m—and there is clear scope for improving the returns, which amounted to £73m before tax and interest last year. Even so, sharply higher dividends from the gold mines will mean that South Africa is going to account for a noticeably higher proportion of earnings than the figure of 50 per cent or so reported in 1978-79. And although diversification is intended to produce a steadier stream of earnings than could be produced by a group of mines, it is a matter for debate whether this is a job which should be done by the company as opposed to its shareholders.

Weather

UK TODAY

DRY with sunny intervals in most parts. Scattered wintry showers likely on the south and east coasts of England.

London, SE England, E. Anglia
Cloudy with scattered wintry showers. Max. 4C (39F).

Cent. S. England, S.W. England
Dry with bright periods. Max. 4C (39F).

Midlands, N.W. England, Cent. N. England
Sunny intervals after freezing fog patches clear Max. 4C (39F).

E. England, N.E. England
Cloudy with wintry showers. Max. 3C (37F).

Scotland
Mainly dry. Rain in places. Max. 5C (41F).

Outlook: Cold with widespread night frosts and some freezing fog patches.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Jo'burg	S	25	75
Algiers	C	11	52	L. Plms.	F	17	63
Amsdm.	Sn	−2	28	Lisbon	S	11	52
Athens	C	8	46	Locarno	Sn	0	32
Bahrain	S	16	62	London	C	3	37
Barclna.	C	7	45	Luxmbg.	S	−5	23
Beirut	C	11	52	Madrid	S	6	43
Belfast	F	3	37	Majorca	C	12	54
Belgrd.	S	−7	19	Malaga	C	13	55
Berlin	S	−7	19	Malta	F	17	63
Biarritz	S	5	41	M'chstr	C	4	39
Bmghm.	F	1	34	Melbne.	R	17	63
Blackpl.	C	4	39	Milan	Sn	−1	30
Bordx.	S	4	39	Mntreal.	S	−1	30
Boulgn.	F	0	32	Moscow	C	−6	21
Bristol	C	1	34	Munich	S	−8	18
Brussels	S	−2	28	Nairobi	S	26	78
Budpst	C	−9	16	Naples	C	16	61
B. Aires	S	28	82	Nwcstl.	C	5	41
Cairo	S	18	64	N. York	C	10	50
Cardiff	C	3	37	Nice	C	8	46
Cas'b'ca	F	12	54	Oporto	F	8	46
Cape T.	S	30	84	Oslo	S	0	32
Chicago	C	3	38	Paris	C	−4	25
Cologne	C	−6	21	Perth	S	33	90
Cpnhgn.	C	1	34	Prague	Fg	−14	07
Corfu	C	11	52	Reykjvk.	C	2	36
Dublin	C	5	41	Rhodes	S	12	54
Dbrvnk.	F	11	52	Rio J'o	C	25	77
Ednbgh.	C	3	37	Rome	F	12	54
Faro	S	11	52	Salzbrg.	F	−6	21
Frankft.	S	−5	23	Singapr.	C	31	88
Funchal	S	16	61	Strasbg.	C	−5	23
Geneva	C	−1	39	Sydney	S	28	82
Gibraltar	C	11	52	Tangier	R	9	48
Glasgow	S	5	41	Tehran	Sn	−1	30
G'rnsey	C	3	37	Tel Aviv	C	15	59
Helsinki	Sn	−1	30	Tenerife	R	13	55
H. Kong	C	15	59	Tokyo	S	8	47
Innsbrk.	C	−6	21	Toronto	S	0	32
Invrnss.	C	3	37	Tunis	S	16	61
I.o.Man	S	5	41	Valencia	F	11	52
Istanbul	S	4	39	Warsaw	S	−7	19
Jersey	C	3	37	Zurich	C	−4	25

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Concern over Tito as doctors consider amputating leg

BY ALEKSANDER LEBL IN BELGRADE AND ANTHONY ROBINSON IN LONDON

THE STATE of President Tito's health and contingency plans in case of his death or incapacity were discussed by a plenary meeting of the Central Committee of the Yugoslav League of Communists yesterday as all leave for the 220,000-strong Yugoslav Army was cancelled.

Doctors treating the 87-year-old President were still undecided last night about the need for a second operation. This could involve amputation of the left leg on which they operated for a blood clot and inflammation of the veins on Saturday night.

President Tito is being treated by a group of foreign and Yugoslav specialists at a clinic in Ljubljana. Doctors prescribed drugs which reduced his post-operational temperature, but the operation does not appear to have eradicated the original problem.

The President's general state of health is believed to be good, but the prospect of a second and more serious operation has caused general concern. It has inevitably drawn attention to the question of his succession.

President Tito, who led the successful partisan struggle against Nazi Germany and emerged as the undisputed leader of Yugoslavia in 1945, holds a large number of top posts. He is President of Yugoslavia and the League of Communists and head of the armed forces. Complex constitutional arrangements exist to cover the peaceful transition of powers.

The state presidency is a collective body of nine men made up of representatives from each of the Federal Republic's six republics and two autonomous provinces, plus the president of the League of Communists.

Chairmanship of this collective body rotates annually among the members. The current chairman is Mr. Lazar Kolisevski from Macedonia, who will automatically become Head of State on the death or incapacity of President Tito, until his annual term expires in May.

Similar arrangements cover the top party and government posts at a Federal, national and autonomous province level. The two main exceptions to the rule involve the armed forces and the Ministry of the Interior, which also controls the secret police. The armed forces are led by General Nikola Ljubicic and the Interior Ministry by General Franjo Herljevic. Both men have held their present jobs for over a decade, reflecting the key reserve powers held by the internal and external security organs.

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Hill Samuel to sell German bank

BY MICHAEL LAFFERTY

HILL SAMUEL, one of the City's leading merchant banking groups, is to sell an 80 per cent stake in the West German bank it set up 12 years ago to Credit Commercial de France. The bank, Hill Samuel and Co. OHG of Frankfurt, was severely hit by the 1974 collapse of the German bank I. G. Herstatt, but, had returned to profitability in the past few years.

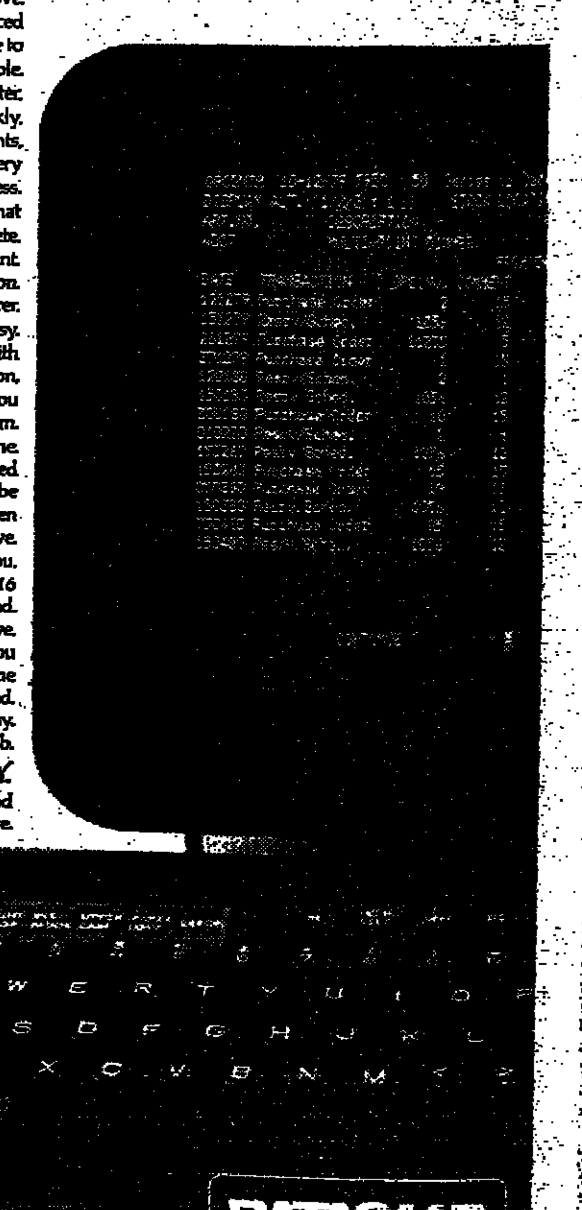
The deal effectively ends what turned out to be an ill-fated venture for Hill Samuel. The move into Germany came at a time of ambitious plans for expansion and diversification of Hill Samuel into a "financial supermarket." It was followed in 1970 by a proposal to merge the merchant bank with the MEPC property group and another plan, in 1973, to merge with the Slater Walker group. Both failed.

The German banking venture, set up as a partnership, did not live up to expectations either, Hill Samuel executives have admitted. The German bank is said to have found great difficulty getting business against the stiff competition of the domestic German banks. Then in 1974 the Herstatt failure appeared to have cost Hill Samuel £11m as a result of an uncompleted spot transaction.

In an effort to recoup some of this, Hill Samuel and Co. OHG sought damages against the Bundesbank. The decision went against them in 1978, but net losses finally emerged at only £1.2m.

The Herstatt affair had an impact on Hill Samuel's expansion plans. "We just pulled in our horns," commented Sir Robert Clark, group chief executive recently.

In the past year, Hill Samuel has been pursuing a new strategy, with far more emphasis on fee-earning activities and less on lending. The latest German deal is in line with this. Mr. Richard Lloyd, a director, said yesterday. The proceeds, estimated at around £4½m, will be redeployed in the Australian and Irish subsidiaries of the Hill Samuel group.



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